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Cover Story: Franchise Restaurants

In 1983, franchise restaurant sales reached $38.7 billion. Despite this impressive accomplishment, operators are not resting on their laurels. They are experimenting with new menu offerings, new locations and new concepts. Many of these innovations are ethnic and regional specialties, using such familiar fast food fare as chicken with a new twist.

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Photography: Mark Borchelt
Chicken: Courtesy of Rachell Worrell, Ferry Landing Farm, Dunkirk, MD

SHORT ORDERS

NRA members help African famine victims

When John and Jim Rousso, the owners of Rousso's Restaurant in Mobile, AL, decided to help the American Red Cross with its African Famine Relief Fund Campaign, they donated one day's receipts to the cause. Then, to attract diners, they brought in singing waiters and dressed the waitresses in Red Cross aprons. The result was a rousing success. When a check was handed to the Mobile Red Cross for the fund drive, the Roussos said it was their way of thanking the Red Cross for helping to rebuild the restaurant after it was destroyed by a hurricane in 1978.

Like the Roussos, restaurateurs across the country are helping the Red Cross raise $70 million to provide food and medical supplies for people in 14 stricken African nations. Targeted for assistance are children, pregnant women, nursing mothers and the elderly.

In New Orleans, LA, a fundraising festival was held in January aboard the *Riverboat President*. All the food for the festival was donated and served by local restaurants and hotels. Beer, wine and soft drinks were provided free by local beverage companies and the use of the riverboat was given without charge by its owners.

More than 50 restaurants in Seattle, WA, joined the African appeal by taking collections during New Year's Eve festivities. In Beverly Hills, CA, more than 235 persons attended a party for Red Cross relief at the Bistangos restaurant. They dined from a menu specially prepared by manager Henri La Badie. At $75 per person, participants had a chance to rub elbows with such celebrities as Peter Falk, Maude Adams, Joe Bologna, Sammy Davis, Jr., Lola Falano, Mr. "T", Ann Blythe and Brenda Vacarro. Covering the event were television's *Entertainment Tonight* and *People Magazine*.

The Red Cross also reported that the New York Restaurant Association presented a check for $1,000. In addition, the association sent out a mailing to its membership urging their individual support.

American Red Cross President Richard F. Schubert has high praise for the cooperation of NRA members. "Through their contributions to this cause they are setting a splendid example for the public and other enterprises in the private sector," he states.

Restaurateurs can promote National Tourism Week

If you are looking for a novel promotion that will set your operation apart at the beginning of the busy summer season, consider joining the American Hotel & Motel Association's (AHMA) radio call-in contest promoting National Tourism Week, May 19–26, 1985.

The contest, to be aired on one station in each of the top 100 radio markets during the last two weeks of May, features the "U.S. Trivia Trip," a nationally-distributed question and answer game. The game features historical and cultural points of interest as well as economic impact questions that reinforce the theme of National Tourism Week—"Tourism Works for America."

If you are interested in participating, contact your local hotel and motel association or call Betsy Bromberg at AHMA headquarters, 888 Seventh Ave., New York, NY 10019, (212) 265-4506. The deadline for participating is April 8, 1985.

The promotion is expected to occur in the following states and cities.

Alabama
- Birmingham
- Huntsville
- Mobile

Alaska
- Anchorage

Arizona
- Phoenix
- Tucson

Arkansas
- Little Rock

California
- Fresno
- Los Angeles
- Sacramento
- San Diego
- San Francisco

Colorado
- Denver

Connecticut
- Hartford

Delaware
- Wilmington

District of Columbia

Florida
- Jacksonville
- Miami
- Orlando
- Tampa-St. Petersburg
- West Palm Beach

Georgia
- Atlanta

Hawaii

Idaho
- Boise

Illinois
- Chicago
- Peoria
- Rock Island
- Springfield

Indiana
- Evansville
- Fort Wayne
- Indianapolis
- South Bend

Iowa
- Cedar Rapids
- Des Moines

Kansas
- Wichita

Kentucky
- Lexington
- Louisville

Louisiana
- Baton Rouge
- New Orleans
- Shreveport

Maine
- Portland

Maryland
- Baltimore

Massachusetts
- Boston
- Springfield

Michigan
- Detroit
- Flint
- Grand Rapids

Minnesota
- Minneapolis-St. Paul

Mississippi
- Jackson

Missouri
- Kansas City
- Springfield
- St. Louis

Montana
- Billings
- Great Falls

Nebraska
- Lincoln
- Omaha

Nevada
- Las Vegas
- Reno

New Mexico
- Albuquerque

New Hampshire
- Concord
- Manchester

New Jersey
- Atlantic City
- Trenton

New York
- Albany-Schenectady
- Buffalo
- Johnson City
- New York
- Rochester
- Syracuse

North Carolina
- Charlotte
- Greenville
- Raleigh-Durham

North Dakota
- Fargo

Ohio
- Cincinnati
- Cleveland
- Columbus
- Dayton
- Toledo
- Youngstown

Oklahoma
- Oklahoma City
- Tulsa

Oregon
- Portland

Pennsylvania
- Harrisburg
- Johnstown
- Philadelphia
- Pittsburgh
- Scranton

Rhode Island
- Providence

South Carolina
- Columbia
- Greensboro

South Dakota
- Sioux Falls

Tennessee
- Chattanooga
- Knoxville
- Memphis
- Nashville

Texas
- Austin
- Dallas-Ft. Worth
- El Paso
- Houston
- San Antonio

Utah
- Salt Lake City

Vermont
- Burlington

Virginia
- Norfolk
- Richmond

Washington
- Seattle
- Spokane

Wisconsin
- Milwaukee
- Green Bay

West Virginia
- Charleston

Wyoming
- Casper

WASHINGTON REPORT

Bills to watch in Congress

Bills to reduce the deductibility of business meals, protect small business from bureaucratic abuse and extend the targeted jobs tax credit have been introduced in Congress.

Attack on the business meal . . .

Sen. Gary Hart (D-CO) has once again offered a bill to reduce by 30 percent the deductibility of business entertainment meal expenses.

The bill, S. 308, would establish a National School Lunch Trust fund with the revenue saved by the 30-percent cut. The bill would also restore both the 20-cent reduced-price school meal and the school lunch eligibility levels of 1981.

Hart's bill, identical to one he introduced in the last Congress, is opposed by NRA.

Small business protection . . .

Sen. Dale Bumpers (D-AR) introduced an omnibus bill, S. 396, that would protect small business from bureaucratic abuse.

Reauthorization of the Equal Access to Justice Act (EAJA) is one provision of the bill. Vetoed by the President last year, EAJA would enable a small business to recover its costs after a successful challenge to the federal bureaucracy in court.

Also included in the bill are provisions that would institute regulatory reform, reduce paperwork and provide tax incentives for capital formation.

NRA supports Sen. Bumpers's legislation.

TJTC extension . . .

A bill to extend the targeted jobs tax credit (TJTC) for five years has been introduced by Rep. Charles Rangel (D-NY). Unless extended, TJTC will expire at the end of 1985.

TJTC is used extensively by foodservice operators in hiring the economically disadvantaged and the handicapped. The credit allows tax deductions for employers who hire workers who are members of nine targeted groups.

The credit can amount to as much as half the wages paid to each worker for the first year of employment and one-quarter of the wages for the second year.

Rangel's bill, H.R. 983, would increase the credit maximum from the current $3,000 to $5,000 for the first year and from $1,500 to $2,500 for the second year.

NRA supports extension of TJTC.

NRA to oppose FUTA increases

Acting on the recommendation of its labor issues study group, NRA will seek repeal of FUTA tax increases on tip income scheduled to begin next year.

A provision in the 1984 tax act requires restaurateurs to pay FUTA on all reported tip income, beginning Jan. 1, 1986. Current law requires that federal unemployment taxes (FUTA) be paid only on those tips used to meet minimum wage obligations.

Requiring FUTA taxes on wages plus tips would place an unfair burden on the industry, the study group said. Generally, the foodservice industry pays more into federal and state unemployment compensation trust funds than is withdrawn by unemployed foodservice workers.

In testimony before the House Ways and Means Committee last year, NRA noted that the increased FUTA burden will not translate into increased benefits for unemployed restaurant workers. Federal unemployment tax dollars go toward administrative costs of the unemployment insurance system rather than to benefit payments.

NRA said the increased tax burden will have to be met through raising menu prices, which would hurt small restaurants.

Labor issues to take back burner in the 99th Congress

Tax and budget considerations will overshadow labor issues in the 99th Congress, according to Jim Stephens, majority counsel to the Senate Committee on Labor and Human Resources, who spoke to an NRA labor study group earlier this year. Stephens said it was doubtful there would be any movement on controversial legislation in this Congress because so many Republican senators will be up for reelection in 1986.

According to Stephens, an increase in the minimum wage is not imminent unless it is accompanied by the institution of a youth subminimum wage.

Immigration reform likely

There are indications from Capitol Hill that an immigration reform measure, probably a modified version of last year's ill-fated Simpson-Mazzoli bill, will receive serious consideration in the 99th Congress and may be enacted within the next two years.

In the last Congress, NRA opposed the employer sanctions provision in Simpson-Mazzoli, particularly new verification and record-keeping requirements. NRA supported an amendment offered by U.S. Rep. Tom Kindness (R-OH), which would have removed these burdensome employer record-keeping requirements from the bill.

Simpson-Mazzoli passed without a fight in the Senate, but it encountered strong opposition in the House where it barely passed after days of contentious debate. The bill then

WE'RE COUNTING ON YOUR OPINION

NRA's monthly membership poll tracks your views on important national issues affecting the foodservice industry.

Your reponses to these questions will help NRA represent the industry in Washington.

Question 1: Abolish SBA?

For more than 30 years the Small Business Administration (SBA) has provided management assistance as well as direct and guaranteed loans to America's entrepreneurs. Now the Reagan administration, as part of a cost-saving effort, wants to dismantle SBA. As a result, the agency's loan programs would be terminated. Other agency services, such as advocacy, minority assistance and procurement, would be absorbed by the U.S. Department of Commerce. The Treasury Department would take over responsibility for liquidating SBA's loan portfolio. SBA's assets would be sold to the public.

Organizations that traditionally represent small business interests, including the National Federation of Independent Business (NFIB), are working to preserve the agency. On Capitol Hill, both Sen. Lowell Weicker (R-CT) and Rep. Parren Mitchell (D-MD), chairmen of the Senate and House Small Business Committees, are against the administration's proposal.

➨**Pros**—Most small businesses get along fine without SBA assistance. SBA loans go to only a handful of borrowers, more than half of whom are repeat customers. These recipients are too uncreditworthy to get regular bank loans or venture capital. The direct loans' high default rate is a drain on the Treasury. The best way for government to help small business is not to provide subsidies but to continue efforts to stabilize financial markets, reduce inflation and interest rates and eliminate burdensome regulations.

➨**Cons**—Abolishing SBA would throw out the good with the bad. The answer is to get rid of the programs that aren't cost-effective, revamp those that are salvageable and retain those that are working. The financial benefits claimed by the administration in terminating SBA loans are grossly overstated. SBA's loan portfolio would fetch no more than 19 cents per dollar on the open market. If SBA were allowed to continue to service its outstanding loans, the government could expect to recover much more than it would save by selling the portfolio. One estimate puts at $3.8 billion the net loss that would result from killing the agency.

Should the SBA's loan programs be terminated and its other programs merged into the Commerce Department?

Question 2: Comparable Worth?

As women's rights groups seek to end what they consider continued discrimination against female employees, the issue of equal pay for jobs of comparable worth receives widespread attention. The argument for comparable worth is based on the premise that wage compensation is less for "female-dominated" jobs, such as nursing, elementary school teaching and domestic service, than for "male-dominated" jobs, such as engineering, plumbing and janitorial service—not because the "male" jobs require more skill or experience but because the "female" jobs are dominated by women. Despite career gains in recent years, studies show that the women working year-round at full-time jobs earn only 62 percent of what the average man makes.

To ensure pay equity, comparable worth advocates say that all jobs should be evaluated on the basis of the skill and experience needed to perform them as well as their importance to employers. The wage scale set for each job would reflect its "value" as determined by the evaluation. Thus the salary of nurses, for example, may be raised to the same level as engineers as a result of these evaluations.

➨**Pros**—The institution of comparable worth laws would close the wage gap and eliminate discriminatory forces in a labor market that undervalues the true worth of jobs performed predominantly by women. Employees would be compensated based on the true value of their work, and they would have more flexibility in the labor market. Men would no longer be discouraged from entering female-dominated fields, and women would feel freer to move into traditionally male jobs.

➨**Cons**—The wage gap is not due to discrimination. Less work experience and schooling and more work interruptions for women are all factors contributing to the wage gap. Raising the wage for female-dominated jobs on the basis of a subjective evaluation disregards market forces of supply and demand as well as institutes costly government control over the labor market. Existing laws designed to eliminate unfairness in hiring and promotion practices along with ensuring equal pay for equal work are the best ways to deal with discrimination.

Should the concept of comparable worth be adopted as law?

Please respond to the above questions, using the attached postage-paid card.

languished in a House-Senate conference committee and died at the end of the session.

The first of what certainly will be many immigration bills was introduced on the first day of the session by Rep. Edward R. Roybal (D-CA).

Roybal's bill, H.R. 30, would penalize employers who knowingly hire illegal aliens but would not include verification or paperwork requirements. The bill would institute a mandatory graduated civil fine (starting at $1,000) for violations according to the size of the business and the gravity of the offense.

Sen. Alan Simpson (R-WY) is expected to reintroduce his reform bill in the Senate soon. Rep. Romano Mazzoli (D-KY) hasn't indicated whether he will again lead the fight for immigration reform on the House side.

—Michelle Rabayda

Results for [redacted] January opinion poll

Results of our January Opinion Poll are now in. The January issue of *NRA NEWS* asked, "Should the tip credit be raised to compensate for higher payroll taxes?" and "If FDA were to make labeling mandatory, would you use sulfites in your restaurant?"

Most of the respondents (55 percent) believe the tip credit should be raised to offset higher payroll taxes. Thirty-nine percent did not think the tip credit should be raised, and seven percent had no opinion.

Almost three-quarters (74 percent) of the respondents said they would not use sulfites if labeling were required. Twenty-one percent said they would use sulfites. Five percent had no opinion.

Eighty-four percent of the January respondents said they operate a tableservice or limited-menu establishment. Eleven percent operate a cafeteria.

Based on information provided, our January sample represented 3,062 units, employing 78,185 people.

How Reagan budget cuts would affect foodservice

Rumors that the administration would propose broad, sweeping reductions in federal spending were confirmed last month when the President released his FY 1986 budget.

Even with cuts approximating $50 billion, Reagan would spend close to a trillion dollars next year, with a deficit of $180 billion. No new taxes are proposed, but nearly every federal program, with the exception of defense and Social Security, would be scaled back.

Reaction to the budget on Capitol Hill has been generally negative. How far legislators will go toward adopting the proposal is uncertain.

Abolishing SBA . . .

If the President's budget were enacted, the Small Business Administration (SBA) would be eliminated, with parts of the agency absorbed by the Commerce Department.

All of SBA's credit programs would be terminated. Outstanding direct loans would be transferred to the Treasury Department, while guaranteed loans would continue to be managed by the banks that issued them. Defaulted guaranteed loans would be turned over to the Treasury.

Most of the agency's other programs, such as advocacy, minority assistance, procurement, etc., would go to the Commerce Department to become part of a new agency, the Administration for Enterprise Development and Opportunity.

Statistics show that foodservice is the largest recipient of SBA loans. In 1984, for example, 10.5 percent of SBA lending went to restaurants and bars. A total of 1,906 loans were made to foodservice last year, with a value of $343,626,000.

Congress will probably not let SBA die. Both Sen. Lowell Weicker (R-CT) and U.S. Rep. Parren Mitchell (D-MD), chairmen of the Senate and House Small Business Committees, are against the idea.

NRA is studying a proposal by Sen. Weicker to streamline the agency and eliminate the direct loan program, which has a history of high default rates.

Changes in farm support programs . . .

Deep cuts in farm subsidies are included in the President's budget. Of particular interest to food service is a proposal to phase out dairy price support payments, which currently cost the government about $2 billion a year. The administration would also cap other commodity support payments, reduce their target prices and shift direct farm loans to guaranteed loans.

It is doubtful Congress will accept the deep cuts in agriculture programs the President has proposed. (See Jeffords interview in this issue.)

User fees for meat inspection . . .

The President has also proposed industry user fees to pay for the federal inspection of meat and poultry. Meat and poultry plants would be required to bear the $320 million annual cost.

For nearly 40 years the U.S. Department of Agriculture has borne these costs. In fact, Congress rejected user fees in 1948 on the principle that wholesomeness and purity of meat would be best maintained by having inspectors paid by the federal government rather than by those whose product they were inspecting.

But the administration notes that many agriculture services are now provided on a fee basis and that there is no reason to provide this special benefit to the meat industry at the taxpayer's expense.

Eliminating the USTTA . . .

The administration also has proposed a zero budget for the U.S. Travel and Tourism Administration (USTTA), the agency charged with promoting the U.S. as a tourist destination for foreign travelers.

Congressional champions of USTTA will most likely succeed in obtaining some spending authority for the agency. Already a bill has been introduced by Sen. Daniel Inouye (D-HI) to give the agency a three-year authorization, starting with $14.5 million in FY 1986.

—Jay Morris
Michelle Rabayda

NRA NEWS talks with James Jeffords

U.S. Rep. James Jeffords (R-VT) serves on two committees where issues affecting foodservice are apt to be addressed. He is the ranking minority member on the House Education and Labor Committee and also the ranking minority member on the House Agriculture Subcommittee on Livestock, Dairy and Poultry. NRA NEWS spoke to Jeffords at the beginning of the new Congress.

NRA NEWS: **What are some of the issues you'll be looking at this year in the Labor Committee?**

Jeffords: We'll spend some time looking at those proposed budget cuts that affect our programs. Many political issues will be raised, and we may see action on some of them as the 1986 elections approach. But I think it's safe to say that most of these things will never see the light of day in the Senate.

Getting away from politics, though, there is growing consensus that we should be moving toward a national pension policy to take the burden off Social Security, which is becoming more of a pension program rather than a supplement.

Congressman Clay (D-MO) and I are looking at legislation to address this problem, and I expect there will be hearings later this year. As I look at the demographic patterns for the next century, I'm concerned about how to handle our expanding senior population. We simply can't load the problems of our senior citizens onto our children.

Q: What would be involved in such a pension policy, and what would be the employer's role?

A: We're looking at what it would take to provide every American with an opportunity for a good pension plan and what the government's, employer's and individual's role would be in preparing for retirement. How do you make such a system affordable, and how do you encourage present funding for income that will be available for retirement? These are difficult questions, and we're just now beginning to tackle them.

Q: Do you think minimum wage legislation will be considered this year? How about a youth differential?

A: I'd have to say yes to both questions, but I'd put more emphasis on the latter. Because a considerable length of time has passed since the last wage increase, there will be pressure by Democrats to at least raise the issue. Of course, that could open up the Fair Labor Standards Act and, in turn, bring on the youth differential question. I know the administration would like to see a youth bill and will be pushing for it.

Q: Would a move to lower the minimum wage for teens necessarily trigger an increase in the minimum wage for adults, as many say?

A: I think so. Whichever way you go, you'll have to expect the other one.

Q: How do you feel about these two issues?

A: I'm willing to try a youth wage on an experimental basis to see if it does result in increased employment. In that sense, I will work toward a youth differential. In fact, I'm already pushing for it in our federal job programs because we can employ that many more young people by paying them a lower wage.

As far as increasing the minimum wage, I've always favored pegging increases to average manufacturing wage increases rather than to the cost of living index. That way you don't have as much displacement among our lower income groups.

Q: Last year, when Labor Committee Chairman Gus Hawkins (D-CA) introduced his youth employment incentive bill,* you said you would offer a substitute. Are you prepared to do the same this year if his bill moves?

A: Yes, I would. Again, this gets into the area of political posturing. When you have a program that's working well, like the Job Training Partnership Act (JTPA), it's foolish to start a whole new program. I think JTPA, with some modifications, can take care of the problems the Hawkins bill seeks to address. We can accomplish the same goals as Hawkins by expanding the exemplary youth program; targeting low-income, high youth unemployment areas; and making better use of our summer employment programs.

Q: Do you support extension of the targeted jobs tax credit, which will expire at the end of this year?

A: Yes. Assisting employers in hiring and training people from these targeted groups is an important national goal. It's unrealistic to expect employers to make sacrifices in productivity and profits if you're trying to reach these groups. You have to provide some kind of economic incentive.

Q: Turning to agriculture, will there be a major battle on the farm bill this year between the budget cutters and the farm program supporters?

A: Yes, it will be a tough fight. Things are so bad in places like Iowa and Nebraska, and agriculture is so important to this country, that I don't believe the administration's proposal to cut support programs will go far.

My own philosophy is that there is a role for government to play, which is important for consumers and your members. That role should be to guarantee a small surplus to keep prices down and ensure that we don't have wide fluctuations in prices. But when we have surpluses beyond that amount sufficient to guarantee an adequate food supply, then it's up to the producers to bring down the supply.

That's what we did last year with the dairy diversion program, and that's what we should do with all our farm programs. Dairy farmers who reduced their production were rewarded. Those who didn't reduce production, paid the cost of the diversion program. The program was paid for by the farmers themselves, and it has worked. It saved about $1 billion. The trouble is the program will expire April 1.

Q: What effect, if any, will the new farm bill have on future consumer prices?

A: I don't see any major changes in prices as a result of this year's bill.

"There is growing consensus that we should be moving toward a national pension policy."

*Hawkins' bill, H.R. 671, would provide economically-disadvantaged youth with part-time and summer jobs if they agree to finish high school. Jobs would be subsidized by the federal government at an estimated annual cost of $2 billion.

THE BOARD ROOM

Machus opens NRA conference for independent operators

NRA President Harris Machus (Harris O. Machus Enterprises, Birmingham, MI) kicked off the NRA 1985 national management conference series with a welcoming address at NRA's first National Management Conference for Independent Operators. The conference was held at the Meridien Hotel in New Orleans, LA, on January 28.

Machus told the more than 100 independent operators, foodservice executives and media representatives gathered for the occasion, "This conference is dazzling in its scope and in the quality of the minds that have gathered for it. For me, however, the real excitement derives from the significance of this gathering in itself. In this conference, the independent operators within NRA have found a place and occasion for the exchange of ideas. We are professionals, and professionals need to confer with each other at least once a year to keep abreast of the most creative approaches and successful solutions to the problems involved in feeding America away from home.

"More than a hundred of us have come to this conference to share our knowledge and learn from each other. Next year I expect to see 200 attend, and, five years from now, 1,000. You can consider yourselves founders of what will become the most seminal annual gathering of independent operators in our industry.

"I am excited about this new NRA conference. It will provide me with an opportunity to go on learning from my colleagues. No one knows better than the independent operator that a successful foodservice operation is created and recreated every day. Success is, as one writer phrased it, 'Not a having and a resting, but a growing and a becoming.' "

Sharing the platform with Harris Machus were NRA Board Member Mike Hurst (15th Street Fisheries, Ft. Lauderdale, FL); NRA Executive Vice President William P. Fisher; Lou Holtz, head football coach at the University of Minnesota; Jeanette Riechers, editor of *Independent Restaurants*, and a number of well known management consultants and foodservice leaders.

California wine festival honors Machus, Fisher and Sardine Factory

NRA President Harris Machus (Harris O. Machus Enterprises, Birmingham, MI) and NRA Executive Vice President William P. Fisher were inducted into the Monterey Peninsula Chapter of the Brotherhood of the Knights of the Vine at the Hyatt Regency Conference Center in Monterey, CA, last November.

The induction was part of the festivities surrounding the 9th Annual California Wine Festival, an annual event that draws wine buffs, restaurateurs, members of the wine industry and journalists from around the nation.

NRA President Harris Machus kneels as he is knighted by Dr. John Nardone, commander of the Monterey Peninsula Chapter of the Brotherhood of the Knights of the Vine.

Machus delivered the keynote speech at the four-day event. NRA Vice President Ted Balestreri, a California Wine Festival board member, participated in one of the seminars. During the festival the Sardine Factory, a 200-seat fine-dining establishment on Cannery Row, which is co-owned by Balestreri and partner Bert Cutino, received the National Brotherhood of the Knights of the Vine's Gold Vine Award for 1984 for its extraordinary commitment to wine, its impressive cellar and national recognition as one of the finest American restaurants. *—Dorothy Dee*

NRA President Machus talks trends with New York media

While in New York City to address the board of directors of the New York State Restaurant Association, NRA President Harris Machus was a guest on ABC-TV's highly-rated morning show, "Good Morning America."

Machus discussed trends in the foodservice industry with show host David Hartman, Allen Bernstein of Le Peep International and Alvin Copeland of Popeye's Famous Fried Chicken and Biscuits. Machus also made a guest appearance on WABC-AM's "Kathy Novak Show."

FAST FOOD GOES ETHNIC

by Toni Lydecker

As sales growth of such traditional fast food items as hamburgers and pizzas continues to slow, a dazzling assortment of new fast food alternatives is taking up the slack. Many of these are ethnic and regional specialties.

This trend is hardly surprising, given the overall popularity of ethnic food items served in restaurants. A recent study by the National Restaurant Association showed that the public is most partial to Italian, Chinese and Mexican food, in that order, and that a majority of respondents would try more ethnic foods if they were available in restaurants.

Regional cooking—especially with a Cajun or Southern flavor—is a more recent development but one that seems destined to prosper.

A limited, fast-service menu offers customers a way to try something a little different without a major investment of time and money. Although their food varies widely, the most flourishing companies in this segment of the fast food market are all tapping a widespread consumer demand for

- **a new taste experience.** Customers are interested in trying the new ingredients or combinations they find in ethnic and regional food. They may be equally intrigued by a familiar food, such as chicken, cooked by a different technique or seasoned with an imaginative blend of spices. To satisfy their customers' yen for novelty, successful companies are constantly testing new menu items or refining their signature dishes.
- **better nutrition.** Innovative use of salads and vegetables is a strength of ethnic and regional fast food operations. Another selling point is their reliance on cooking methods, such as char-broiling or stir-frying, which many customers prefer to deep-fat frying. Some companies are also reducing or eliminating ingredients such as salt and MSG—and telling their customers about the health benefits.
- **fresh foods.** Although they may band together to buy basic ingredients at a discount, stores in an ethnic or regional chain typically retain control over the freshness of their food by preparing it on site. Operators are also finding that foods with strong associations of being homemade—such as biscuits—have an automatic edge over items connected in the consumer's mind with mass production.

Mexican food still hot . . .

Fast food operations are cashing in on the American public's continuing relish for South-of-the-border specialties. In fact, an entirely new kind of Mexican-style fast food has sprung up during the past few years: char-broiled chicken, served with salsa, flour or corn tortillas and beans.

The spread of this concept follows a pattern typical of many ethnic fast food operations. Modifying an idea that worked in the country where the cuisine originated, an independent restaurateur establishes outlets in the United States; if the public goes for the product, a large chain expert in organizing nationwide franchises often buys out the founder.

El Pollo Loco illustrates this sequence of events. Founded in Mexico in 1975, its Los Angeles, CA, stores opened five years later. Now Denny's, Inc., has purchased the chain and is preparing to expand into appropriate markets across the country.

El Pollo Loco's chickens are first butterflied, then marinated in a blend of herbs, spices and fruit juices. Slow char-broiling comes next, with cooks manually turning the chickens and moving them gradually down the grill as the cooking progresses. The most direct competition, according to a company spokesman, is not other Mexican restaurants but other chicken restaurants. El Pollo Loco touts its product as being nutritionally superior to fried chicken, telling customers they can eat 25 percent more char-broiled chicken for the same number of calories.

Pollo de Oro, one of El Pollo Loco's competitors in the Los Angeles vicinity, has installed a spin-off of the conventional salad bar: a salsa bar. In addition to spooning out chopped onions and other toppings for their chicken/tortilla combos, customers can choose salsa ranked on a scale of 0 to 30 (ranging from baby-food bland to blistering).

Operations serving more traditional Mexican-style food are experimenting with new menu offerings. Taco Time International, based in Eugene, OR, has found that calorie-conscious working women are particularly quick to order the newly introduced Tostada Delight, which uses a tostada shell as the edible bowl for a salad. Not every customer is a dieter, however, for the company is also doing well with its new super-sized burritos and with desserts, which include fruit-filled *empanadas* (turnovers) and *crustos* (flour tortilla chips dusted with sugar and cinnamon).

Streamlined Asian cuisine . . .

Another strong comer in the ethnic category is Asian fast food. Joseph Andrzejczyk, manager of a Ft. Lauderdale, FL, branch of Quik Wok, thinks the store's predominantly young clientele is looking for flavorful food that's heavy on vegetables and light on grease and protein. Using the same woks and other cooking apparatus found in any Asian restaurant, employees prepare the food in small portions, constantly.

Nankin Express, a chain based in Minneapolis, MN, has reduced the delicate art of Chinese cooking—or part of it, anyway—to four basic steps that can be performed easily in a quick-service setting. After stir-frying the meat, food preparers add vegetables, a packet containing 8 to 14 premeasured seasonings and, finally, liquid to form a sauce. The prepared food is warmed on steam tables during the short interval before it is sold. "Even though we'd need only five minutes to cook it to order, the lines would back up during our peak periods," explains President Joel Golden.

Japanese cuisine would produce an almost imperceptible blip on the radar screen of ethnic fast food sales, but it is winning devotees in cosmopolitan areas. Noodles, dumplings and marinated, fried chicken go like hotcakes at Dosanko's 16 units in the Northeast.

In its two New York City outlets, Genroku Sushi has introduced a self-service method that is popular in frenzied Tokyo but a novelty in this country. Customers sit on stools at a counter while impeccably arranged plates of sushi pass before their eyes on a conveyor belt. They choose whatever strikes their fancy, and, when the feast is over, the server counts the dishes to determine the charge.

Hot pasta, instantly . . .

A slice of pizza or a meatball sub is no longer the only Italian food people can eat on the run. At V's Pasta Parlors in Independence and Kansas City, MO, customers can choose among lasagna, ravioli and nine pasta shapes, such as mostaccioli and vermicelli.

Vita Totta's family has owned a full-service restaurant for years, but

the three fast food outlets were opened only after her son decided to enter the business. "He thought people should be able to enjoy Italian food without spending an hour and a half on lunch," she says.

She attributes the lively business done by the fast food operations partly to the basic pasta sauce, which is the same one served in the fine-dining restaurant. "For a sauce of consistent quality, you have to use the best ingredients. You might be able to find ground meat for 89 cents a pound, but it's not what I would choose," says Totta. The other ingredient for success is the stores' locations in major shopping malls, where customers gravitate towards the smells of garlic bread and simmering sauce. For the concept to work in a free-standing store, the menu would have to be expanded, Totta believes.

Most fast food operations have adapted standard restaurant equipment to the task of preparing ethnic and regional foods. An exception is Yankee Noodle, a restaurant in Bethesda, MD, where a clever machine has solved the problem of incorporating delicate egg pasta into a fast-service menu. Owner Mario Cardullo's invention, the "Pasta Chef," is a cylindrical unit capable of cooking one to six servings of fettucine and other fresh pasta to order in just 60 seconds. Diners pair the pasta with one of 10 sauces made on the premises. Eating at Yankee Noodle can be a cross-cultural experience, for at least one pasta salad contains snow peas, bean sprouts, Japanese horseradish and other ingredients borrowed from Asian cooking.

Manager Mark Johnston reports that plans are under way for franchising other restaurants to apply Yankee Noodle's technique of preparing fresh pasta quickly.

Food with regional roots . . .

Instead of adapting the cuisine of other countries to a fast food setting, some companies are capitalizing on cooking traditions native to America. Cajun and Southern cooking fit into this category. Like the new Mexican-style operations, many companies specializing in regional food have based their appeal on the strong demand for chicken. But they haven't abandoned fried chicken—just spiced it up. Popeye's Famous Fried Chicken & Biscuits, which pioneered the spicy

Mainstream menus branch out into ethnic

Having tied down an enviable 53 percent share of the market for Mexican fast food, Taco Bell's long-term goal is to join the mainstream, eventually becoming as big as the three major hamburger chains. Ironically, the mainstream chains are eyeing the success of companies specializing in ethnic and regional food—and they're diversifying their menus to scoop up some of those profits. Consider these developments:

- Jack in the Box recently added taco salad, nachos and "Chicken Fiesta" (cold chicken in a spicy sauce) to an already extensive menu.
- Arby's has introduced an "international salad bar" with a theme that changes quarterly. When the theme is Polynesian, for instance, the usual array of salad ingredients is supplemented by coconut, tropical fruit salad and poppy seed dressing.
- Kentucky Fried Chicken is testing a recipe for spicy chicken in selected cities.
- Chili's is edging away from the gourmet burgers the company helped popularize by adding ethnic menu items, such as beef and chicken fajitas.

These chains, of course, continue to offer the fried chicken, burgers, sandwiches and other items on which their reputations stand, but could their small toehold in the ethnic market threaten

the profit margins or even the survival of the specialty chains?

"No" is the answer Taco Time International's Tamra Heathershaw offers to that question. "When people are in the mood for Mexican food, they'll still come to us," she shrugs.

Richard Pierce, vice president of marketing for Jack in the Box, concedes that a purchase of nachos in one of his chain's stores would most likely be an impulse buy after arrival, not the reason the customer came in the first place. But he believes the mainstream chains can present formidable competition with some ethnic items: "Take tacos. We've sold those for a number of years, and we're known for doing a good job with them."

chicken alternative 13 years ago, is also testing Cajun red beans and "dirty" rice.

Interestingly, the word biscuits appears not only in Popeye's name but also in that of a competitor, Bojangles' Famous Chicken 'N' Biscuits. Both companies have achieved remarkable success in turning a filler item—the bread or rolls, which many customers discard—into a major profit center. Now they're finding other uses for the biscuits, such as sandwiching a piece of chicken fillet between the halves.

Spicy chicken is also the centerpiece of Chicken George's menu, although the Baltimore, MD-based company offers a toned-down version as well. A few Cajun elements, such as chicken gumbo, have crept into the menu, but the real emphasis is on the kind of hearty food enjoyed throughout the South: greens, spicy rice, biscuits and sweet potato pie.

Departing from the tendency of fast food chains to aim for a broad-based clientele, founder Ted Holmes has built a highly loyal customer base among blacks living in urban areas. In fact, the chain is named after a freed slave who is a character in Alex Haley's book, *Roots*. The salt content in Chicken George's food is unusually low, evidence of the company's determination to serve the nutritional needs of its clientele; excess sodium intake poses a special risk to blacks, who are prone to high blood pressure.

As American as apple pie? . . .

Tacos and pizza were long ago assimilated into the average American's dining vocabulary; in fact, we have to think twice to remember those foods originated beyond our shores. At the other end of the spectrum are such ethnic dishes as *fajitas* (Mexican) and *sashimi* (Japanese).

Fast food companies face a real dilemma in planning menu items, decor and marketing strategies. Should they play it safe with well-accepted approaches and risk boring the customer? Or go full steam ahead, perhaps to discover that some customers are turned off by too many unfamiliar elements?

Some companies steer a middle course. "We serve Mexican food made to American tastes," says Tamra Heathershaw, director of public relations for Taco Time International. That chain seasons its food rather mildly, providing salsa on the side to customers seeking a more fiery sensation.

Taco Time International concentrates its stores in the midwestern and western states, where Mexican food is already a favorite, and draws in new customers through coupons ("three burritos for the price of two"). Nonetheless, observes Heathershaw, "People have to have the right mindset to try something new."

Similarly, Nankin Express has found that chicken chow mein and chop suey, American-invented variations on Chinese food, are the mainstays of the menu. As alternatives, the chain offers such peppery dishes as Szechuan chicken, but consumption of these is much lower.

The decor also may influence the degree of comfort a diner feels in trying new food. Many ethnic and regional restaurants are aiming for a more subtle effect rather than immersing the diner in a total ethnic experience. The basic intent is to make customers feel at home; they're eating ethnic food but in a setting very much like other restaurants in that part of the country.

For example, Taco Time keys its decor to a Southwestern American theme. Serapes and other ethnic motifs are integrated into an overall decorating plan that also includes strings of dried peppers and authentic Southwestern art. Similarly, instead of going with the red and black decorating scheme common in Asian restaurants, many new operations are choosing mauve, browns and other earth tones.

Other restaurants celebrate the novelty of their ethnic concept, believing that this is the best way for the company to build and retain a strong identity.

A striking example is Bojangles' media campaign, with its slogan, "Just no cookin' like Cajun." Introducing the legend of "Bo" Jangles, a Cajun cook, the ads feature actual Cajuns speaking their dialect.

El Pollo Loco regards the novelty of ethnic and regional cooking as an opportunity to educate customers about food combinations they may not have tried before. In *The Pollo Lover's Training Guide*, diners receive full instructions on the art of consuming that chain's signature menu item. Beginners practice folding a tortilla, using it to pull off a piece of chicken and dunking both in salsa. By the third lesson, they will have learned how to pick up some beans and coleslaw on the way to the salsa. "We're not just selling food—we're selling fun," points out a company spokesman.

Consumer education is also a must at Genroku Sushi, where novice diners might not otherwise know whether they are selecting tuna or swordfish sushi off the conveyor belt. Aided by a "showcase" of dishes with identifying labels, customers can proceed with assurance.

The educational mission of V's Pasta Parlors is to combat what Vita Totta calls "the American public's misconception that pasta is fattening." Large, colorful posters proclaim that a serving of pasta with sauce adds up to only a fraction of the calories represented by a hamburger or serving of fried chicken.

Outlook is bright . . .

There is no question that ethnic and regional fast food offers excellent prospects for growth. By all indications, the popularity of ethnic and regional specialties is still on the upswing. And, according to a recent *Food Institute Report*, per capita spending at limited-service restaurants increased 72 percent between 1977 and 1982—significantly faster growth than for full-menu restaurants, which grew by 56 percent.

Several large fast food companies are showing a marked interest in promoting new ethnic and regional concepts. They're particularly attracted by the greater pricing flexibility made possible by generally lower food costs; in contrast, the profit margin for burger restaurants is razor thin.

It's even likely that the fledgling Asian fast food industry will skip the initial stage of mom-and-pop stores that has prevailed for ethnic food in the past. Instead, such giants as Multifoods Corporation (owner of Mr. Donut) and Pizza Hut are planning to open franchises across the country.

The only puzzler for ethnic and regional fast food operations is breakfast, which many don't serve. The reason: Even people who eat adventurously the rest of the day stubbornly resist eating anything much different from their normal fare at breakfast time. When Americans bypass the usual cornflakes or toast to sample seaweed soup, Oriental style, the last cultural barrier will have come down. ❑

MENU INNOVATIONS

by Kathy Boyle

The baby-boom children who grew up on fast food are now in their mid and late 30s. They are America's fastest growing age group. They still enjoy the convenience of fast food, and they have the money to spend on it. But they want more variety, new tastes and nutritious, fresh and high quality food. The result has been an explosion of new fast food menu offerings and penetration into offbeat locations (see sidebar).

Moving fast in several different directions . . .

One need only look at what's afoot at Atlanta-based Arby's to get a feeling for what is happening. Last year Arby's aggressively pushed into the fast-growing breakfast market. "Encouraged by sales 50 percent better than initially expected in our tests, we rolled out our croissant breakfast, either plain or with three toppings, in January 1984," says Pat Snyder, marketing communications manager at Arby's. Snyder attributes the idea for the croissant breakfast to Arby Franchisee Richard Ripp of Richmond, VA. Ripp brought the idea back from Europe. "It fit our quality concept of something just a little bit better and different," she says.

Two months after the croissant breakfast was unveiled, Arby's tackled its lunch/dinner menu by introducing its fish fillet sandwich. Based on the sandwich's success and further market testing, Arby's is in the process of making it larger. Says Snyder, "We really are interested in offering top quality to our new fillet of fish customer," and if top quality means a larger sandwich, Arby's is willing to oblige.

Not to be left behind in the scramble to get baked potatoes on the menu, Arby's began national distribution of its version last September with five different toppings. More toppings are planned for 1985.

To make its salad bar more interesting, Arby's has added an international salad theme, which changes quarterly. For example, the Mexican theme introduced such toppings for salad as nacho chips, black olives and guacamole.

"We just want to offer variety which will bring in a better mix of people," says Snyder. And Arby's changes have brought success. Although most beef sandwiches are still the mainstay, deli sandwiches and chicken breast sandwiches, introduced in 1980, now account for 20 percent of Arby's sandwich purchases.

More than a dozen items added by Roy Rogers . . .

The move toward quality and variety is apparent at other fast food operations as well. In 1984 Roy Rogers Restaurants added baked potatoes with five toppings, five new salad bar items, a kid's meal, a breakfast sandwich, biscuits and a weekend all-you-can-eat breakfast bar.

Another new creation is Roy Rogers Strawberry Shortcake. "It is actually a mix of the ingredients we

MORE OPTIONS FOR FAST FOOD CUSTOMERS

already had," says Mary Maguire, manager of public relations for Roy Rogers restaurants. "We had the strawberry for our sundaes, the biscuits for chicken and the topping from our shakes. We just put it together for a new item.

"We are also looking at other product improvements," adds Maguire. "For example, we are currently examining the flavor profile of our fresh fried chicken. We're considering reducing the salt and adding other spices instead."

To come up with ideas, Roy Rogers does customer research. It asks a sample of patrons to choose foods that they would like to see on the menu from a long list. Where there appears to be the greatest interest, Roy Rogers begins developing test items.

Rax teams with American Heart Association . . .

Breaking new ground is the fast-growing Rax chain in Ohio. Innovators of many items now quite common at other fast food companies, Rax has yet another first to its list of successes—a heart healthy menu. The Rax is the first national fast food chain to list selected menu items that follow the food guidelines of the American Heart Association regarding fat, cholesterol and calories. The items include beef, plain potatoes and selected salad bar offerings.

The new menu also contains a consumer guide to the fat, protein, carbohydrate, vitamin, and overall calorie content of all menu offerings. Also on the menu are three special low-calorie meals put together by the Rax chain. One such meal offers a bowl of vegetable soup, a salad platter with reduced-calorie dressing and a medium diet drink—all for under 215 calories.

To draw the customer's attention to the new healthy menu, Rax has placed brochure-type menus and large posters in each outlet. The new menus specify which items meet the American Heart Association's guidelines.

"Basically our advertising pitch is 'Good food that's good for you,' " says Howard C. Landau of Wyse Public Relations, which represents Rax. "Our latest message, 'A few words to your heart from the people who usually talk to your stomach,' " he adds.

"We have recognized for many years that people want more from fast food than burgers and fries," says Rax chairman J. Pat Ross. "We pioneered the salad bar back in the early '70s. Today we have one of the most extensive offerings in the business, including fresh seasonal fruit. It's still fast food, but it doesn't look, taste or feel like fast food," Ross concludes. Other items being tested by Rax include chicken salad and a seafood salad.

Non-fried seafood makes inroads . . .

Seafood salad is also big new news at Washington-state based Skippers Seafood restaurants. Famous for lightly breaded and deep fried seafood, the chain has added a new 90-

calorie seafood salad. "The emphasis is on a fresh alternative," explains Carolyn Mullins, director of product services at Skippers. "The seafood salad is a bed of lettuce, sea legs, which are a combination of white fish and crab meat, and tomato and carrot sticks." Skippers also offers a choice of low-calorie dressings.

To offer lighter fare as well as to broaden its appeal, Long John Silver's is testing several new products, including baked fish, crab cakes and two new chilled seafood entrees.

Other innovations are sure to be on the horizon. Sparked by the surge in fish's popularity, the Culinary Institute of America has added a seven-day course in fish cookery. New butchering and cooking techniques are featured, which can save up to 60 percent of the waste associated with fish. Students are sure to bring this know-how to their future jobs.

Other lite menu extensions featured . . .

Nearly every major fast food operation has tailored its menu to the interest in lite foods.

McDonald's has added prepackaged salads in 15 of its downtown Chicago restaurants and in 60 other

FRANCHISING SUCCESS

NRA NEWS: How well did foodservice franchising do last year?
FELTENSTEIN: Total franchising sales were up 13 percent over a year earlier, and they are expected to continue to rise.

Q: What are the fastest growing segments of foodservice franchising?
A. Although the hamburger segment accounts for more than 50 percent of total sales, its percentage of unit growth is the slowest in the industry. On the other hand, pizza is the fastest growing segment and is seeing considerable activity on the quick-service end of the scale. Another growing segment is food specialty shops, posting sales amounting to $8.5 billion in 1983 and expected to report $9.3 billion for 1984. The most popular specialties are ice cream/yogurt shops and donut shops.

NRA News spoke with Tom Feltenstein, chairman of the board of the Franchise Institute of America in Boca Raton, FL, to get his impressions about the success of Foodservice Franchising

Q: Why are pizza and specialty franchises seeing such tremendous growth?
A: Pizza is gathering momentum with the widespread popularity of individual size pizzas and the introduction of faster service and regional topping favorites. Similarly, while more Americans are watching their weight, they are still enticed by frozen dairy products which focus on unique toppings. Gourmet flavors and low calorie yogurt have led to the continued growth of this segment, particularly in Florida.

Q: Are any types of foodservice franchises struggling or failing?
A: The foodservice industry, as a whole, shows less than a five percent failure rate each year. In comparison, the Small Business Administration (SBA) reports that 65 percent of independent small businesses fail within five years. Of course, franchised operations are not foolproof; and although few are failing, some are seeing slower growth. As mentioned, numbers of hamburger units are showing slow growth at only one percent. Also, hamburger franchisors are being forced to spend large advertis-

stores in Columbus, OH, and Los Angeles, CA. At some of the locations there is an exhibition area where customers can watch employees put the fresh salad ingredients together into individually-packaged containers. There are four salads to choose from—a garden salad (either as an entree or as a side dish), a chef's salad, a pasta salad or a fruit salad.

Why has McDonald's waited until now to add salad to its menu? "We wanted to make sure salads fit our 'fresh fast food' concept," explains Terri Capatosto, supervisor of media relations for McDonald's. "A prepackaged salad fits our fast-to-go requirements. The customer doesn't have to park the car, come in, make up a salad and then pay for it. The customer simply orders a salad—even at the drive-thru."

Jack-In-The-Box also is going all out for its lighter offering, the pita sandwich. The advertising claims, "It fills you up without weighing you down."

Wendy's began testing its light side menu, a reduced calorie menu featuring a cottage cheese salad, tuna fish salad, and wheat buns in four markets last year.

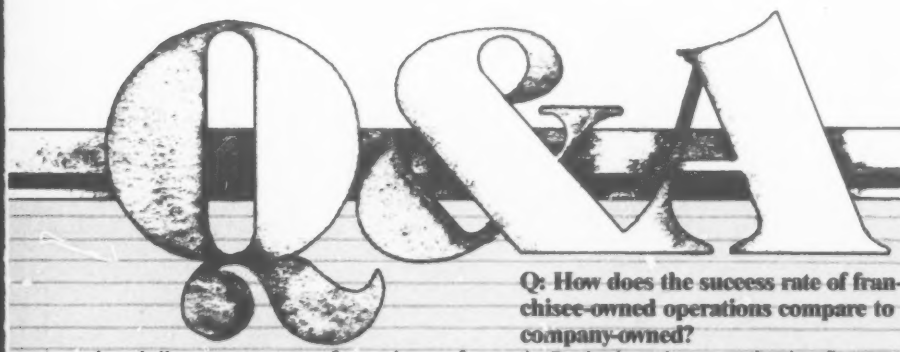
New chicken offerings abound . . .

The chicken war promises to continue. This past October, Church's Fried Chicken rolled-out Crispy Nuggets after just three months of research, development, planning, testing and distribution. These nuggets come in two varieties, spicy and regular, with four dipping sauces. White Castle also made a pitch for the market in 1984, adding a 59-cent chicken sandwich to its menu in Columbus, OH, units.

Capitalizing on the good nutrition trend, Carl's Jr., a 300-unit chain in California, Nevada and Arizona, introduced a charbroiled chicken sandwich a year or so ago. It consists of chicken which is marinated in barbeque sauce and charbroiled. The sandwich is garnished with lettuce, tomato and barbeque sauce and served on a honey, whole-wheat bun.

Chick-fill-A, Atlanta, GA, is testing several new chicken menu items—chicken soups and chicken pies—as well as waffle fries, a potato item that tastes like french fries but looks like a waffle.

Chicken McNuggets may soon have a competitor on the McDonald's menu—Chicken McSwiss. McDonald's new cordon bleu-like chicken sandwich consists of a chicken patty, ham and Swiss cheese sauce. The sandwich is being tested. (For other chicken innovations see "Fast food goes ethnic," also in this issue.)



ing dollars to compete for a share of the market. Additionally, to strengthen their market share it has been crucial that establishments, such as pancake houses and chain steak houses, shed old images and diversify and enlarge menu selections.

Q: What are some of the obstacles of operating a successful franchise?

A: Most often, a failure to identify regional differences and a concept that is not transferable to other markets. Other problems, typical to most business, are incompetent personnel, poor site selection and deficient capital. For all the essential ingredients of a franchise to flow together, the endeavor must be guided by experience, strong financial backing, good management and a good reputation.

Q: How does the success rate of franchisee-owned operations compare to company-owned?

A: Both show increased sales figures, but franchisee-owned operations led in sales and in unit growth in 1984.

Q: What does franchising offer the franchisee?

A: For the price of an initial franchise fee and an ongoing royalty arrangement, the franchisee buys into an experienced system with tested methods and has rights to the trademark, logo, operational guidelines and assistance of that system.

Q: How does a franchisor benefit from its franchisees?

A: With more franchise outlets comes greater numbers of supporters and faster expansion in a more widespread geographic area. Franchising not only cuts down on the costs of expansion, it alleviates the pressures and responsibilities of day-to-day management which would normally be a part of expansion.

Q: How can a potential franchisee choose a suitable franchise?

A: Many sources are available from the Small Business Administration (SBA) and U.S. Department of Commerce. However, the franchise agreement and disclosure statement may be the most revealing and should be carefully examined.

Q: Is franchising right for everyone?

A: Although franchising offers an established, tested method which puts you several steps ahead, it is not right for all individuals. A good franchise is, however, like paying for an established business complete with customer recognition. It is then up to the franchisee to run and manage it for success. ❑

Pizza innovations from coast to coast . . .

With its personal pan pizza, Pizza Hut put pizza into the realm of fast food for the lunchtime market. Now Pizza Hut is toying with barbequed pizza in Wichita, KS, and 25 percent of its other units.

San Francisco-based Round Table Pizza is spearheading other pizza innovations. In addition to a six-inch personal pizza, it has introduced the Pizzatato, a potato shell filled with cheese, pizza sauce and a choice of toppings, and Camelot Calzone, sandwich-type fillings folded into pizza crust. Similarly, in its Madison, WI, locations, Rocky Rococo, a 28-unit chain, is testing a new pan-style sandwich. The sandwich features fresh bread filled with fresh fillings and served in a small pizza pan. The four fillings are roast beef, turkey, submarine and vegetarian. The sandwich is targeted to customers who may be infrequent or non-pizza eaters.

Reportedly, McDonald's is working on a McPizza concept, a hand-held no-mess version of pizza. Burger King also is allegedly looking to expand into the pizza market, most likely through acquisition because of Pillsbury Co.'s strong presence in the dough and baking business.

The breakfast fight is far from over . . .

The attack on McDonald's lion's share of the breakfast market is far from over. Burger King is expanding its croissandwich, fresh fruit and syrup offering. Wendy's is strongly committed to the breakfast market with its French toast, omelet platter, scrambled egg platter and breakfast sandwich; and it is going systemwide with its program in 1985. But McDonald's isn't taking the competition laying down. In August the chain began aggressively test marketing its freshly-baked biscuits in New England.

Dunkin' Donuts was also busy in 1984 experimenting with several new breakfast items. It introduced baked-on-the-premises buttermilk biscuits, with a choice of sausage, ham, sausage and egg, bacon and egg, or plain with jelly or honey. Other items tested at Dunkin' Donuts were bagels and a new low-calorie donut.

Mrs. Winners is testing a new breakfast cinnamon roll and Church's Fried Chicken is testing a pita breakfast, with choice of scrambled eggs, sausage, bacon and hash browns.

Testing new waters . . .

Finally, there have been efforts to reposition some franchises that have traditionally appealed to a narrow customer base. The International House of Pancakes (IHOP) is an example. IHOP is no longer content with its breakfast image and is successfully repositioning itself to bolster dinner sales. Since it first opened in 1958, IHOP has been famous for its breakfasts, especially its pancakes, offered 18 hours a day.

To take advantage of those long hours, IHOP has developed a new dinner menu including stuffed potato skins, nachos, steamed vegetables and grilled steaks. Where this menu has been adopted, units are reporting sales boosts of 25 to 40 percent.

IHOP owners (about 75 percent of the 470 units are franchised) report the most popular dinner items are the London Broil (so popular, in fact, that it has been teamed with eggs to make a new breakfast selection), a seafood combination platter and the golden rotisserie chicken. ❑

Blazing new trails

Truckstops—Instead of featuring dining operations of their own, some truckstops are now merging with fast food operations. McStop, McDonald's first venture into the truckstop business, is under construction. The Lakeville, MN, location will feature regular McDonald's fare in a modified building that also will house a convenience store, gas station, motel and small shopping center. Burger King signed agreements with Howard Johnson's and Truckstops of America, Inc., for restaurants within their locations.

Military bases—Military bases continue to offer vast opportunities for fast food franchisors. Burger King has signed a contract with the Army/Air Force Exchange System. At Burger King's Coast Guard location at Governor's Island, New York, an expanded menu includes pizza and beer. McDonald's picked up their share of the business last August with an agreement with the Navy. Custom Creamery Systems, Inc., is installing a second gourmet dessert center at a U.S. Army base.

Malls—For customers who want a bite on the run, franchisors are offering an abbreviated version of their concepts in malls. Roy Rogers Express only offers burgers, topped baked potatoes and sodas. McDonald's operates its limited menu McSnack prototype.

Discount department stores—Franchisors are eyeing department stores as further penetration of the shoppers' market. Roy Rogers signed an agreement to operate in McCrory's Discount Stores; three units are already open. In a similar arrangement, Burger King and Custom Creamery have signed agreements with Woolworth, which has some 1,300 stores around the country.

Zoos, fairs, parks—Park concessions are changing, too. Custom Creamery signed for four outdoor locations with the New York Department of Parks. McDonald's operates a unit at the Toronto Zoo and another unit on the water under the Gateway Arch in St. Louis, MO. Not to be left behind where there is business to be found, Burger King has equipped a bus to go out where the business is. A self-contained fast food unit will offer Burger King's full menu at parks and fairs.

Home delivery—Based on Domino's Pizza, overwhelming success with home delivery, other operators are taking a hard look at this service. In October 1984, Kentucky Fried Chicken started testing home delivery service in one of its Louisville outlets. In December Burger King began a two-month home delivery trial at a suburban Columbus, OH, location. Using two station wagons equipped with a heating compartment, the Burger King delivers to any residence within a three-mile radius. A five percent charge is added to the meal price, which must be at least $5.00.

Order-by-phone—Last year White Castle began a toll-free ordering system. For $57 you can order 50 burgers; $82 gets you 100. The burgers are frozen, put in dry ice and shipped express mail to go anywhere in the U.S.

HIGH TECH HIGH TOUCH Management Trends in Franchising

According to predictions made by John Naisbitt in his best-selling book *Megatrends*, as society becomes more technologically oriented, individuals seek more personalized experiences. This "high tech/high touch" phenomenon can be observed in the area of fast food franchises.

The franchise sector of the foodservice industry has entered the computer age. As competition between chains increases, the need to be one step ahead becomes a corporate necessity. That is why many companies have installed state-of-the-art computer equipment to gather vital operations information on a daily basis. This need to know where they stand at all times is key to survival in the changing marketplace.

Yet, as more and more companies computerize, other management responsibilities are shifting away from headquarters. Regional and field offices are being empowered to implement decisions.

The Pizza Hut Corporation, Wichita, KS, has just completed installing point-of-sale (POS) terminals in all company-owned stores. These computers take inventory, compute employee hours, store payroll information and tabulate the number of menu items ordered each day. Headquarters can "plug in" to any store at any time and receive a complete readout of the day's business. "This system allows for greater efficiency and more accurate decisions," says Mike Jenkins, director of corporate communications. "We can tell at a glance which menu items are selling."

In addition, Pizza Hut has decentralized considerable decision-making authority to regional and field offices. "This, too, adds to greater efficiency," explains Jenkins. "Regional managers are right on the scene so they can respond quickly. They deal with customers all day; headquarters may not be aware of all the variables associated with a problem."

Decisions, such as equipment purchases, bank deposits, contract negotiations, or safety precautions in high crime areas, are now made by regional offices. "These decentralized functions have enabled Pizza Hut to keep up with the changing industry," Jenkins maintains.

John Merritt, spokesperson for Hardee's, Rocky Mount, NC, echoes that philosophy. Hardee's also has a computerized system that hooks up to the home office. Each unit that is part of the system is polled nightly.

"We wrote most of the software ourselves instead of buying prepackaged programs," says Merritt. "We wanted to customize all functions to our own company needs.

"But," he acknowledges, "the company wants to avoid becoming a bureaucracy. We need to have tight control to make accurate decisions, but we don't want complete control over everything." "Therefore," he adds, "management responsibilities have been decentralized.

At Hardees, most day-to-day operations decisions are made at the regional level with communications flowing up and down the line. "The home office is aware of what is going on in the field. We make it our business to communicate as best we can."

Some fast food companies have focused on one or another end of the "high tech/high touch" continium. At Arby's Corporation, Atlanta, GA, the focus is on centralized efficiency, with very few day-to-day decisions being made at the local level.

To this end, Arby's has decided to install computerized systems in all company stores. "The system is almost complete," says Robert McDail, Arby's spokesperson. "It will have the capability to store and receive information on all operations functions."

Some fast service establishments are taking a more grass roots, high touch approach to the management function. For instance, Kentucky Fried Chicken (KFC), Louisville, KY, has instituted a program that trains hourly employees to become managers, regional managers or corporate executives.

"The program has reduced the rate of turnover to an average 120 percent for hourly employees," boasts Nancy Bishop, public affairs spokesperson. (Turnover rates of 175 to 400 percent for hourly employees are not unusual in the fast service sector.)

"This system will eventually create corporate personnel who are responsive to the needs of each unit," she explains. "These employees will know what it's like to have hands-on experience, and that will be a terrific benefit to the company."

Another fast service establishment that devotes a lot of time to employee management systems is Chili's Corporation, Dallas, TX. The 10-year-old chain has always had a decentralized organization, and Creed Ford, senior vice president of operations, believes this is the best way to run a company.

"Our regional supervisors are given a great deal of autonomy," he states. "They can do whatever it takes to effectively run the restaurant."

In an effort to promote better communication between employees, managers and corporate staff, Chili's conducts local meetings and focus groups. At these sessions, employees are encouraged to make suggestions about company policy and procedure. "Many employees have contributed excellent ideas and solutions that were successfully implemented," says Ford. "We hope that in the long run our procedures will pay off."

Computerized systems and technological advances have made it possible for companies to receive information by merely touching a button. With these methods available, the employee could be left in the background to become a casualty of a better and more accurate way of doing business. Franchise corporate executives recognize the importance of employee involvement in company growth and success. To achieve this goal, centralized management is becoming a trend. □

—Elyse Cuttler

FRANCHISING

What do you have to sell?

by [illegible]

There are many advantages of using franchising as a means of expansion. The franchisor is able to develop many markets simultaneously while incurring much less risk and without spending the exorbitant amount of money often required to fund many other types of growth. But franchising is not the correct choice for every restaurant company

Step one—feasibility study . . .

To evaluate the franchise system's potential for expansion requires careful consideration. A franchise feasibility study is the first step. There are four key areas to examine in such a study.

1. Concept evaluation. The restaurant concept must be analyzed to determine whether it is unique, competitive, viable over the long-term and whether the operation standards can be easily maintained. Sometimes a concept can be tied to a trend that may last only a few years or be specific to a geographic or climatic area. In other instances, the concept can be so highly specialized that it would be impossible for a franchisee to maintain standards.

2. Market analysis. A market analysis helps determine the potential success of the franchise in other market areas. Factors to consider include general market conditions existing in the industry and overall demographic trends that will affect the potential success of the franchise.

3. Competitive analysis. Who the competitors are and how well they are doing, both financially and operationally, can further define the feasibility of franchising. Assessing competition also provides a basis to project potential franchise revenues.

4. Financial analysis. Financial projections will indicate the potential for success. The projections must incorporate capital requirements to fund development of the franchise system and the potential revenues from initial franchise fees and royalty payments.

Step two—corporate growth plans . . .

If the franchise feasibility study results in a positive assessment of franchising as a means of corporate growth, corporate growth plans that incorporate franchising should be developed.

These plans should include such specific strategic information as the number of units to be opened over the next few years and specific requirements (capital, technology and staffing) inherent in this growth. Information regarding other types of growth, including the possibility of constructing and managing corporate properties, also should be incorporated in the plan.

Step three—franchise action plan . . .

Planning franchising growth comes next. This plan should incorporate all the elements of the restaurant franchise system, including time frames, responsibilities and resources.

There are eight general elements to most restaurant franchise systems:

1. Concept—the specific type of restaurant and/or menu theme, such as a Mexican restaurant or gourmet hamburger restaurant. The concept is the most important element of the restaurant franchise system. The concept dictates the style of service, the physical plant, interior design, graphics presentation, uniforms, tabletops, menu, among others. All aspects of the restaurant's concept must be documented and names, trademarks, logos, etc., must be properly registered.

2. Standards—how the units will be run with respect to management, service, food and beverage production, menu offerings, maintenance and all aspects of the restaurant's operation.

3. Advertising and promotion—how the franchisor will promote the franchise system on a national and/or regional basis. Usually, the franchisor provides expertise in advertising and promotion, and the franchisee pays a predetermined percentage of gross sales for these services.

4. Training—how standards will be communicated. Training manuals and training programs are important elements of a restaurant franchise system. Help is necessary both during the pre-opening months and on a continued, on-going basis to maintain the franchisor's expected standards of operation.

5. Quality control—how standards will be maintained by quality assurance programs.

6. Reporting—how the corporate office will communicate with its franchisees, with respect to gross sales, product sales, franchise fees payable, marketing and advertising fees payable and other topics. This should encompass lines of reporting as well as reporting formats.

7. Services—additional services within the context of the franchise agreement. Examples of these services generally include site selection and appraisal; site market/feasibility analysis; lease negotiation; architectural and/or engineering plans and specifications; and furnishings, fixtures and equipment specifications.

8. Documentation—a description of how the franchise system works. It includes specific references on the services being provided by the franchisor and being assigned to the franchisee. Legal documents currently required by the Federal Trade Commission and state regulatory agencies are a part of this process.

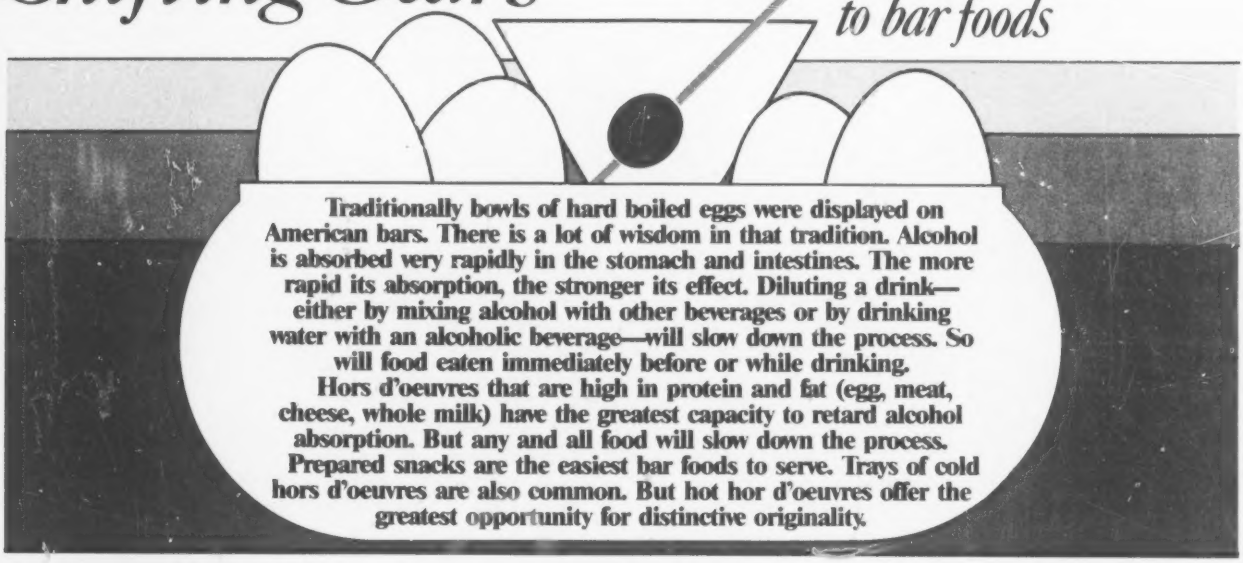
In conclusion . . .

If you are contemplating franchising, analyze your restaurant concept from a prospective franchisee's point of view. Think of all the elements in a restaurant franchise system. Discuss your plans with outside specialists. Investigate potential markets and similar franchise operations. Answer the question, "What do you have to sell?" ❑

Maurice P. Minno is a principal and Ara Aftandilian is an associate of MDR Associates in Fairfax, VA, a professional hospitality management consulting and commercial kitchen design firm, which regularly assists restaurateurs.

Shifting Gears

from discount drinks to bar foods



Traditionally bowls of hard boiled eggs were displayed on American bars. There is a lot of wisdom in that tradition. Alcohol is absorbed very rapidly in the stomach and intestines. The more rapid its absorption, the stronger its effect. Diluting a drink—either by mixing alcohol with other beverages or by drinking water with an alcoholic beverage—will slow down the process. So will food eaten immediately before or while drinking.
Hors d'oeuvres that are high in protein and fat (egg, meat, cheese, whole milk) have the greatest capacity to retard alcohol absorption. But any and all food will slow down the process. Prepared snacks are the easiest bar foods to serve. Trays of cold hors d'oeuvres are also common. But hot hor d'oeuvres offer the greatest opportunity for distinctive originality.

Weekdays at 4:00 p.m. at The China Rose restaurant in Arlington, TX, customers begin lining up at both ends of a 24-foot table, set up in the center of the lounge area. In keeping with the restaurant's ethnic orientation, the table is laden with exotic Chinese dishes: Szechuan fish, Kung Pao chicken, hot and sour soup and fried egg rolls. There is more traditional fare as well. At the far end of the table, a chef carves thick slices of prime rib and places them on miniature wholewheat rolls. Happy hour has begun.

The difference between happy hour at The China Rose and the traditional image of happy hour is that drinks are not discounted. At The China Rose there are no two-for-ones, no half-price specials, no double or triple-shot discounts. Instead, the emphasis is on the spectacular buffet which is provided free of charge.

The popularity of bar food—hors d'oeuvres and appetizers served at the bar or in the lounge area—is growing. As drunk driving becomes an ever greater public concern, operators are doing their share to curb the problem. Because food consumed in conjunction with alcohol slows the intoxication process, operators are recognizing the potential of bar food as an effective means of maintaining business while eliminating drink discounts.

by Anne Papa

"From a socially responsible standpoint, I think we must have more to offer than discount drinks," says Ed Engoron, president of The China Rose. "The climate is such that customers themselves are seeking alternatives." In fact, one month after The China Rose began serving complementary bar food to happy hour patrons, the restaurant took a market survey among customers to gauge their opinion of the new buffet. "Only one table out of 60 said they'd prefer discounted drinks," reports Engoron. "And the amount of new business we'd attracted in just one month's time was phenomenal."

A recent Gallup poll confirms this finding. When 1,177 people were asked, "If you had your choice which would you prefer . . . free snack food with regular priced drinks or two-for-one or reduced price drinks and no food?" Forty–six percent of the respondents preferred the food, 22 percent had no opinion and only 32 percent said they'd prefer reduced price drinks.

Creating a party atmosphere with buffets . . .

Many restaurateurs like Engoron are finding that all-you-can-eat buffets are a highly popular and relatively low cost way to present bar food. Buffets with varying dishes allow for daily adjustments: the quiche of the day which didn't sell out at lunch can be sliced into hors d'oeuvre size portions for the happy hour buffet. Similarly, ingredients which are of little or no use on the regular menu can be used creatively in hors d'oeuvre recipes, such as the side cuttings of meats which might otherwise be thrown away. And, finally, customers going back and forth to a buffet tend to eat less than when food is continuously being placed in front of them, saving room for an after happy hour dinner.

According to Ken McAllister, director of marketing and advertising for Studebaker's Inc. (Dallas, TX), the key to presenting a buffet that will keep customers coming back for more is to make the buffet an occasion. At 16 Studebaker's units throughout the South and Southwest, the buffet is part of a theme night. For instance, the picnic buffet includes hot dogs, fried chicken and corn-on-the-cob laid out on a gingham tablecloth, and servers wear straw hats and checked shirts for the occasion. Mexican night features enchiladas, frajitas and tacos, while Oriental night features fish, meats and vegetables stir-fried in a giant wok. Again, server costumes, music and decor all complement the themes.

"We're in the business to provide entertainment," comments McAllister. "We're not in the business to get people drunk." McAllister says Studebaker's does discount drinks in

Move over cheese and crackers

The term "bar food" no longer implies such standards as weenies on a stick, sliced veggies, or crackers and cheese. Operators these days are putting as much creativity and flair into their bar food as they do into their regular menu selections. Many white tablecloth, up-scale establishments noting the emerging trend, are creating some exotic recipes of their own. Here are some choice offerings:

Marinated scallops

- Sea scallops
- salt to taste
- pepper to taste
- one shot of brandy
- enough seasoned oil and lemon juice to cover

Marinate fresh scallops for 2 hours in salt, pepper, lemon juice, brandy, seasoned oil.

Wrap scallops in sliced bacon, then cook in the oven for 5 minutes at 350°. Serve scallops with marinade juice.

—Chanteclair Restaurant

Hacked chicken

- 3 ½ oz. breast of boneless chicken: poached or broiled per person
- Agar-agar (dried seaweed)

Place the agar-agar in the center of the dish (follow directions on package for preparing). On top of the agar-agar place your chicken which has been shredded Chinese style and pour approximately ½ oz. of the sauce or to taste.

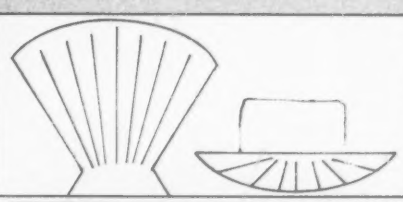
Sauce:

- 2—12 oz. jars of peanut butter
- 3—16 oz. jars of sesame paste or Tahini
- 1 lb. of sugar (granulated)
- 16 oz. sesame oil
- 32 oz. soy sauce
- 2 oz. Chinese hot sauce or Tabasco
- 5 oz. white vinegar

Mix ingredients together: yield one gallon.

Note: this dish is served cold.

—Windows on the World



Artichokes Monte Carlo

serves 6

- 12 canned artichoke hearts
- 1½ cups lump crabmeat
- pimiento strips and bib
- lettuce leaves for decoration

Dill sauce*

Drain the artichokes and remove the centers. Even out the bottoms. Remove the cartilage from the crabmeat, then toss lightly with ⅓ of the dill sauce. Place lettuce leaves on 6 plates and place 2 filled artichoke hearts onto the lettuce. Pour the remaining sauce on top of the crabmeat and decorate with pimiento strips.

***Dill sauce**

- 1 cup watercress leaves
- ¼ cup scallions, minced
- 2 T. parsley, minced
- 1 cup mayonnaise
- 3 anchovy fillets, chopped
- 3 T. lemon juice or more to taste
- Salt and pepper to taste
- 3 T. fresh dill, minced
- ½ cup sour cream.

Place all the ingredients except dill and sour cream into a blender or food processor. Blend until smooth. Add dill and blend for 1 or 2 seconds until the dill has been just absorbed. Remove the mixture from the blender or food processor and mix in the sour cream. Chill before serving.

—Created by Marina Polvay especially for The Forge Restaurant

Coconut fried shrimp

- 3 large egg yolks
- ¾ cup beer
- 1 cup all purpose flour
- 3 large egg whites at room temperature
- pinch of cream of tartar
- 1 lb. large shrimp (about 15), shelled, deveined and butterflied
- 2 cups shredded unsweetened coconut
- vegetable oil

1. In bowl, whisk together egg yolks and beer, adding flour a little at a time.
2. In another bowl, beat the egg whites until frothy and add a pinch of tartar. Beat until stiff peaks form.
3. Fold whites into beer mixture. Season to taste.
4. Dip shrimp into batter and then into coconut. Fry in deep fryer in batches in 3 inches of 375° oil 2-3 minutes until golden. Transfer to platter lined with paper towel and keep warm.

Serve with curry sauce.

—Windows on the World

Curry sauce

- ½ cup chopped onion
- 3 T. vegetable oil
- ½ cup chopped celery
- ⅔ cup chopped apple
- ¼ cup chopped carrot
- 2 T. minced ginger root
- ½ cup beef stock
- ¼ cup milk
- 1 tsp. sugar to taste
- pinch cinnamon
- pinch cloves
- 1 tsp. softened unsalted butter
- 1 tsp. flour

1. In saucepan, cook onion in oil until golden. Add celery, carrot, apple and ginger root. Cook 5 minutes. Add curry powder, cook 1 minute.
2. Stir in stock, milk and ⅓ cup water; bring to boil and simmer for 5 minutes.
3. Season with sugar, cinnamon, cloves, salt, pepper. Strain through sieve. Make beurre manie (flour mixed with softened butter) and add slowly.

—Windows on the World

some units, but the company's philosophy is in complete agreement with the changing laws. "We've been emphasizing the food in our restaurants all along," he says.

Other establishments have their themes ready-made for them. Alex's Restaurante in Pullman, WA, is an upscale Mexican restaurant that features a tapas bar every day between the hours of 4:30 p.m. and 6:00 p.m. and again between 11:00 p.m. and midnight. "'Tapas' stands for an old Spanish custom that says travelers in search of drink must also be served free refreshments," explains Pat Diaz, president of Alex's. The tapas bar at Alex's features crab, bean and jalapeno dip, chips and salsa and other Mexican hors d'oeuvres. Diaz says the buffet is reopened during the late night hours to attract students from two nearby universities.

Discounting appetizers on the regular menu . . .

Another way to promote happy hour as a time to eat as well as drink is to discount the appetizer selection listed on the regular menu. For the past year during happy hour Washington, DC-based Chadwick's restaurants have been charging half price for their appetizers, such as fried zucchini, fried mozzarella sticks, nachos and potato skins. "We didn't feel we could beat the high quality product of our regular menu appetizers," maintains Dale Caldwell, general manager of Chadwick's Georgetown. "Our appetizers have always been tremendously popular. Why not stick with a good thing?"

At Barron's Saloon in Denver, CO, an entire promotional campaign has been built around their discounted appetizers. "Always a dollar, always delicious" at Barron's means that each evening three appetizers from the regular menu are sold for only one dollar each. These appetizers regularly sell for between $3.50 to $5.95.

"By charging one dollar for these items we're just covering food costs," says Bob Chamberlain, general manager. "But we're also going a long way in turning the negatives of liquor restrictions into a positive association for Barron's." Discounts on items, such as shrimp cocktail, onion ring loaves, fried calamari and nachos, are rotated regularly.

Some establishments discount only their signature items, such as The Sardine Bar in Chicago, IL, which serves tiny White Castle hamburgers at four burgers for $1.50 with any drink—including soft drinks. And some take the promotion one step further by discounting their entire menu during happy hour. At Mr. Day's restaurant in Washington, DC, the entire dinner menu (consisting mainly of sandwiches) is served at half price between the hours of 5:00 p.m. and 8:00 p.m.

Keeping an eye toward attracting dinner patrons . . .

Whether operators serve a buffet or bring hors d'oeuvres to the table, they are unanimous on one important point: bar food should promote, not inhibit, regular dinner business.

"The whole purpose of appetizers is to whet the appetite," says Ed Engoron of The China Rose. "People are attracted into our establishment because they hear about our happy hour or they see the large banner outside advertising our buffet. Once they're in, they see our elaborate decor, they notice our attentive service and, most importantly, they sample our food. That's the best advertisement we have for attracting customers from the lounge into the restaurant."

Says Pat Diaz of Alex's Restaurante, "Providing an extensive buffet during happy hour helps build word-of-mouth advertising, which is the best kind you can have. Earn a reputation for being the best place in town, and you'll see a lot of repeat business in the lounge and in the dining room."

Dale Caldwell of Chadwick's says the restaurant's discounted appetizer promotion attracts many customers who favor the new eating trend of "grazing" (see *NRA NEWS*, December 1984). "More and more people are ordering one or two appetizers and making a meal out of them," he explains. "By discounting our appetizer selection early in the evening, we bring these people in. Many times they end up staying the entire evening."

Providing bar food at alternate hours . . .

Finally, happy hour is not the only time that many operators offer free or discounted bar food. At Chadwick's, chips and salsa are available at the bar all evening. At Mr. Day's, customers can munch on free popcorn at any hour.

"Of course, salty foods encourage customers to buy more drinks," acknowledges Robert E. Lee, owner of Mr. Day's. "But at the same time, food—any food—buffers the effect of alcohol. We don't want to make our customers drunk."

At T.G.I. Friday's, Inc., a 99-restaurant chain headquartered in Dallas, TX, providing complimentary food no matter what the hour is company policy. In addition to the happy hour buffet, servers at T.G.I. Friday's are authorized to give out free "samplings" of the regular menu appetizers to customers throughout the day or evening. "A server may approach a new customer and say, 'You must be new here. Please try our delicious fried zucchini,'" explains Will Hartfeld, general counsel to the company. "Free samples are also a great way to introduce new items to regular customers who may not try them otherwise."

In sum . . .

Public concern about drunk driving and increasing legislation are dictating a change in policy for many restaurateurs regarding drink discounts. A new trend to watch is the emergence of bar food as an exciting, profitable alternative. ❑

Gallup poll finds bar food popular with patrons

In a recent Gallup poll, 1,177 people were asked, "If you had your choice which would you prefer . . . free snack food with regular-priced drinks or two-for-one or reduced-priced drinks and no food?" Nearly half of the respondents (46 percent) said they prefer free snack food with regular-priced drinks. Only 32 percent said they'd prefer reduced priced drinks and no food. (Twenty-two percent of the respondents said they either didn't know or would prefer neither.)

Those respondents under 35 years of age were much more likely (51 percent) to want snacks than those 35 years old or older (42 percent). Only eight percent of the respondents under 35 years of age said they'd want neither snacks nor discounted drinks.

HERB

ADDING FLAVOR

Fresh herbs are taking root in restaurants from coast to coast. More and more chefs are growing their own herbs and snipping them straight into everything from soup to wine. Restaurateurs are building herb gardens into their decor and marketing them as natural, pretty and fun. And patrons are enjoying appealing dishes, flavored with new combinations of herbs.

Chefs seeking to reduce salt or looking for new flavors for their dishes long have reached for the herb shelf, but it's usually been stocked with dried varieties, except in summer. Now two growing trends have all but ruled out seasonality in fresh herbs: the availability of hydroponic gardening equipment for restaurants and the growth of farm-to-restaurant distribution of fresh herbs. Combined with patrons' new interest in fresher, more healthful fare, these trends are changing the face of food flavorings in many restaurants.

Who is growing and using fresh herbs? Every type of foodservice establishment from the Waldorf Astoria in New York City to Edwardo's pizzeria chain in Chicago, IL, and suburbs.

How are they being used? In every food category, in every way imaginable: orange tarragon butter for swordfish steak, lemon thyme marinade for pheasant, dill sauce for broiled salmon, cilantro-horseradish pesto for grilled yellowtail jack, rosemary glaze on roast rack of lamb, and basil cream with porcini tortellini.

Spago in Los Angeles, CA, grills fennel for its whole red snapper and uses mustard seed to flavor its dish Veal Liver with Red Onion Marmalade. New York's Windows on the World adds mint to its Chilled Cream of Artichokes and deep-fries its Herbed Mozzarella. The Hilltop Herb Farm restaurants in Houston, TX, put fresh herbs in everything, including fresh fruit desserts, teas and May wine. They even use scent of geraniums in finger bowls and put extra herbs into bouquets for table vases.

Fresh herbs for nutrition . . .

Perhaps the biggest users are the restaurants that switched to fresh herbs to substitute for salt or to enhance the flavor of simply prepared foods.

At the top of the current list is the Four Seasons' spa cuisine, developed by Chef Seppi Renggli in collaboration with Joyce T. Leung of Columbia University's Institute of Human Nutrition. The dishes are based on the U.S. dietary guidelines, which suggest reductions in salt, sugar and fat. Chef Renggli uses a cilantro mayonnaise as one salt substitute and leaned heavily on a combination of herbs and spices to develop a salt-free sauce.

Chez Eddy's in Houston also has gained national prominence for its healthful menu based on nouvelle cuisine principles. The restaurant uses neither salt nor high-sodium, high-fat products. Its own grapefruit vinaigrette includes plenty of basil, thyme and parsley.

Restaurants across the country that have adapted the Pritikin Diet to their menus are also herb conscious. At the Hu-Nan Restaurant in Philadelphia, PA, chef and owner Susanna Foo says the key to Chinese Pritikin is twofold: good chicken stock and fresh herbs. She prefers sweet basils in summer dishes and ginger with garlic and lemon throughout the year.

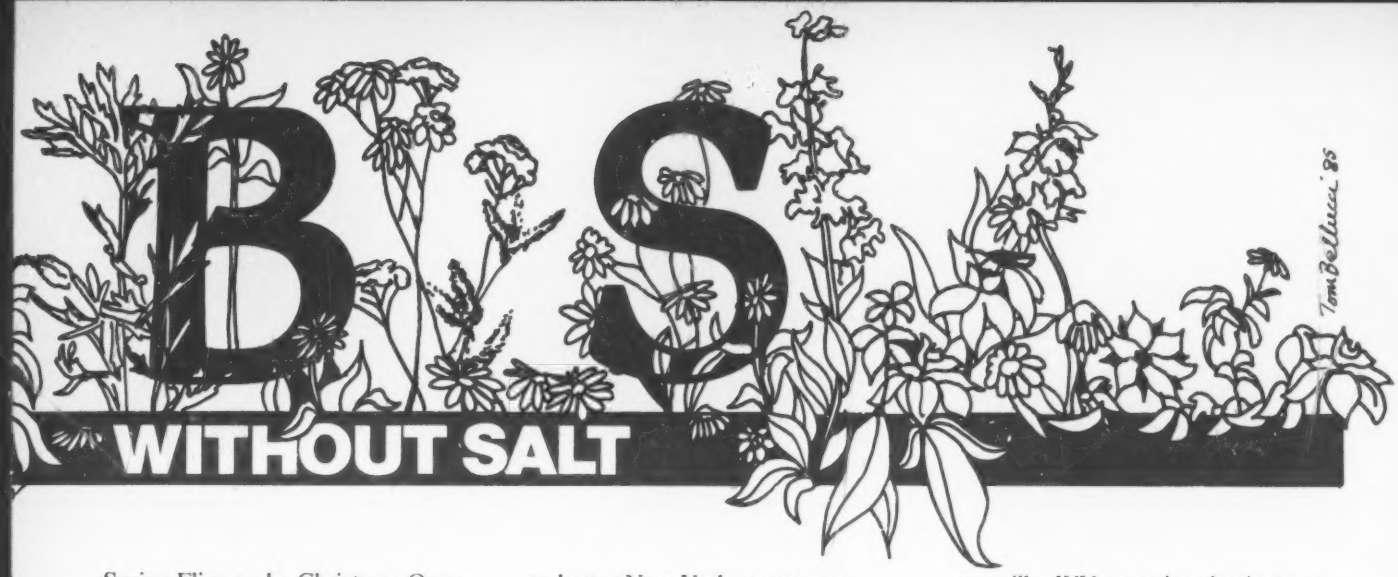
Fresh herbs for fun and profit . . .

Not surprisingly, enterprising restaurateurs using fresh herbs have found ways to turn their practice into favorable marketing tools. Many use in-house materials, such as flyers, table tents and brochures as well as advertising space, to promote their use of herbs.

At Edwardo's Natural Pizza Restaurants in the Chicago area, fresh basil has become a trademark and is promoted as such. "The major thing we talk about is basil," says Edwardo's Director of Marketing Carol Rosofsky. "It is part of our marketing position of freshness. Growing herbs enforces what we're trying to say about our pizza. It distinguishes us from our competitors. The light, airy look of our restaurants, enhanced by the lucite growing containers in the windows, helps create an ambiance."

In the same way, the Washington, DC, Restaurant Nora sets a tone with its mini herb garden at the restaurant's door. Owner Nora Pouillon says the garden attracts customers to the largely organic, fresh-food eating place.

At the Hilltop Herb Farm restaurants in the Houston area, diners can choose any array of herb-flavored dishes while seated in an actual greenhouse, surrounded by pots of herbs. Hilltop Herb Farm owners Madalene Hill and her daughter, Gwen Barclay, have created an "herb education" opportunity for visitors as well. Retail shops in both restaurants sell horticultural materials and herb plants, along with an array of dried herbs, teas and canned jellies and relishes. In the rustic location, diners can combine their meal with an "herb walk" and discussions on herbs. This original farm restaurant also hosts a



Spring Fling and a Christmas Open House with demonstrations of herbs and free food. In Houston, Barclay leads cooking classes along with herb demonstrations.

Growing fresh herbs . . .

Growing—without soil—is called hydroponics, and it is the route many restaurants are choosing for their own herb gardens. Seeds germinate in a sterile, porous, gravel-like material and are nourished with water, air and minerals. Some herbs require only two days to germinate; some plants can be cut after four weeks.

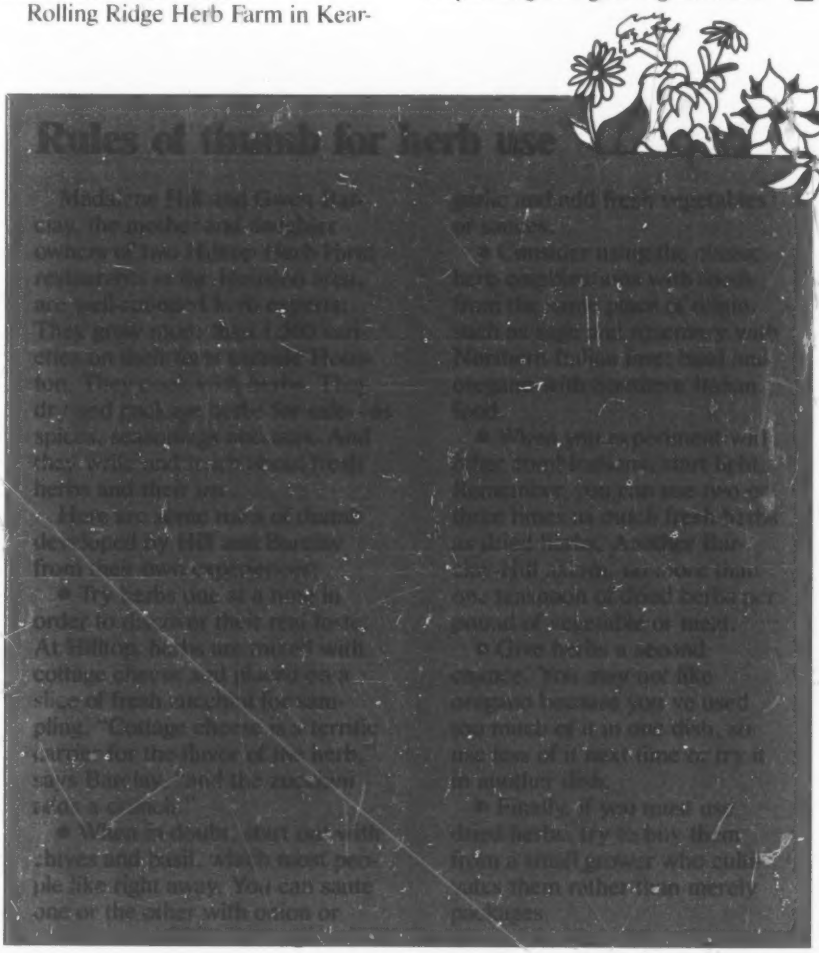
The Waldorf Astoria's compact gardens are planted in 24 by 16-inch tubs, stacked vertically in modules of two. The total growing surface is 384 square feet in a 14 by 28-foot room. The Waldorf grows fresh dill, tarragon, rosemary, marjoram, basil, sage, chervil, savory, thyme and oregano, changing varieties from time to time. The hotel estimates it takes only about 10 minutes a day to tend its hydroponic herb gardens.

From farm to restaurant . . .

While hydroponics has made it possible for more restaurants—especially urban ones—to have year-round access to fresh herbs, a growing number of herb farms are distributing their fresh wares directly to restaurants. GLIE Farms in the South Bronx, NY, is a new example of this farm-to-restaurant process. GLIE Farms grew out of a community development project called Group Live-In Experience. The early goals were to clear vacant lots and create community food gardens. In 1982, with some public and private financing, GLIE entered the herb business. The objective was to bring fresh-cut herbs to better New York restaurants, which were encountering difficulty securing year-round deliveries.

Today GLIE Farms makes daily, door-to-door deliveries to more than 300 clients, including hotels, caterers, specialty food shops and restaurants, such as Le Cygne, Lutece, Intercontinental Hotel, American Festival, American Place and VISTA Hotel at the World Trade Center.

Rolling Ridge Herb Farm in Kearneysville, WV, went into business to supply fresh herbs to nearby Washington, DC, restaurants. "Although we're just getting off the ground," explained co-owner Wayne Braunstein, "restaurants seem excited about our product. The fact that we will supply hard-to-find, relatively unique herbs as well as the standards serves as a calling card. There is no doubt we're responding to a growing demand." ❑



25 Tips Your Boss Will Never Tell You

by Donald Naught

There are some things you will need to know as a manager that your boss will never tell you. Here is a list of tips managers said helped them fit into their organizations more comfortably.

1. Learn company policies. Don't assume that every company operates in the same way. Research your organization. Read everything the company writes. Find out what personnel responsibilities are yours. Know what your people are entitled to.

2. Find out what the company expects of you. Know your job description and the job description of everyone who works with you and for you.

3. Get to know your supervisor. Find out what your boss expects of you. Increases in pay, promotion and longevity are basically determined by what your supervisor thinks about your ability to perform.

4. Meet other key people as fast as you can. Get to know your customers, your area supervisors, everyone in your organization who can help you do a better job.

5. Take every opportunity to learn. If you're not learning on a daily basis, you're on the road to becoming obsolete.

6. Give people the training and information they need to do their jobs. One of the things we do in our industry is to put off training. Don't do it. Ask them questions so you can be sure they are getting the information they need to do their jobs. Say, "Ralph, if today we get 50 more covers than we've anticipated during the 11:30 to 12:30 rush, what are you going to do?"

7. Set expectations early in the relationship. Let people know what you expect them to do, how you expect them to do it, when you expect them to do it, why you expect them to do it and how they're supposed to do it. Set these expectations at the outset—not two weeks, six weeks or 10 weeks after you take over your new job.

8. Let people do their jobs once they know how to do them. Don't overcontrol, or you will undermine their ability to perform.

9. Don't carry other people's responsibilities. Delegate. There is a Vietnamese saying that is very appropriate here: "You do my job once for me, I thank you. You do it twice, it's yours." People will try to pass you their responsibilities. You've got to get those responsibilities back on the backs of the people they belong to or soon they will be breaking your back.

10. Promote competence among your employees. One of the things that makes a difference in moving people from unconscious competency to conscious competency is the knowledge that they can do the job. And the only person who can give them that confidence is you, the manager.

11. Form your own opinion about employees. Don't read the personnel jacket until you've dealt with your people for a while. All too often, to a new set of eyes, a joker becomes a star, and a star becomes a joker. Take time to get to know your people before you look at them through the eyes of someone else.

12. Your subordinates need to trust you. Build that trust. Trust is slow to develop, easy to destroy and almost impossible to rebuild. Your subordinates have to feel you have an interest in them, that you're concerned and consistent.

13. Avoid favoritism.

14. Justify personnel changes. All too often new managers make the mistake of going into an operation and making sweeping personnel changes. If you ask them why they did it, they say they knew it had to be done. That's not good enough. Make sure there are performance reasons for firings, terminations, promotions and demotions.

15. Be a role model. Don't mix business with pleasure, and don't abuse company resources of time, people or products. Do, however, be enthusiastic and energetic. These qualities rub off.

16. Seek insights from experienced employees. Establish rapport with someone in the area of personnel and accounting. Next to operational knowledge, these two areas will make you or break you.

17. Be loyal to your organization. Don't make slighting remarks about your superiors. Avoid getting caught up in the rumor mill.

18. Volunteer for assignments. You gain experience and information you might not otherwise gain.

19. Set realistic goals. Don't make commitments you cannot meet.

20. Document. The extra effort involved in documenting everything from personnel performance to sales and expenses is repaid amply. It gives you the necessary backup for decisions you make.

21. Don't live on the reputation you had with your previous company. You have to prove yourself all over again.

22. Pay attention to your image. How can you have an operation that's hygienic, sanitary and upbeat when you have a manager that looks like he or she just cleaned out a greasetrap?

23. Avoid getting caught in the middle. One of the real ways to get hurt in an organization is to find yourself caught between two bosses who have different objectives and who both want you to achieve those objectives. It's a no-win situation.

24. Don't be afraid to ask for help. If you're getting in over your head, be sure to ask for help. Most owners are more than willing to help new managers. But no one likes surprises.

25. Don't get lost. Don't be like many new managers and become a socially conscious social worker. That's a pitfall. You're not hired to solve the problems of the world. You're there to help make a profit, to help the business grow. ❑

This article was excerpted from a presentation by Donald Naught at the 1984 NRA Show. Naught is director of training and development for the Canteen Corporation in Chicago, IL.

VIEWPOINT

THE MENU OF THE FUTURE

by John Gruner

The menu is first and foremost a communication tool. In addition to supplying basic item and price information, it sets the tone and mood of an establishment. The menu is the medium used to carry the identity of the establishment to the customer. With the proliferation of various restaurant concepts flooding the market, the need for a menu to quickly and articulately communicate to the customer becomes increasingly important. Consumers must be able to tell from glancing at the menu whether the restaurant promises to fulfill their expectations.

Functional menu layouts and the use of up-to-date graphics are essential to restaurant image development and awareness. Column lengths that assure fast reading and minimum eye fatigue; colors that are coordinates of tabletops and/or other elements of the interior design; and typography that reinforces the character and personality of the restaurant must all work together to ensure that the menu communicates. Gaze motion principles (how the eye moves across the page) should be used as major guides for determining the optimum layout.

The descriptive language in menus is changing. Since the late 1970s when truth in menu laws were first enacted, the restaurant industry has become more aware of the consumer's demand for product information. In the future, it will become imperative for operators to pass on to customers their comprehensive knowledge of food and its preparation.

Superfluous communication will be filtered out. Even now, the correct names of products are being used more frequently; i.e., sirloin steak vs. Ranch Hander. Menus also provide factual information, such as size, grade, cooking method and any other significant characteristic that aids customers in making their choice. Chef's "secret" sauces and recipes are being replaced with the proper name of the item and/or its ingredients. Too much non-information turns customers off to the total message and results in a rejection or no purchase action.

Menus should reflect trends . . .

For most customers eating out has become an integral part of their lifestyles. Expectation levels will continue to escalate. As consumers continue to learn more about food selection and preparation, they will choose restaurants that coincide with their own level of sophistication.

Menus must reflect these needs by featuring up-to-date food offerings that capture the latest food trends. As trends change, so must menus. No longer will the same menu be used year after year with only changes in price. The constant demands on the operator to make changes will be staggering and will become a prerequisite for competing in a saturated market. Menus made up of insert sheets, which can be frequently changed, will increase in popularity. Many operators are already printing daily menus to attract customers who demand more variety and the freshest foods.

The spoken word or "personal selling" will play an even greater role to differentiate one item from another. When executed properly, the spoken word has more perceived value and can lend credibility to the written word. Extensive training in the skill of waiter/customer role-playing will be popular, as operations use more suggestive selling techniques along with the printed menu to gain a competitive edge.

Other mediums might include blackboards; display carts for house specialties; exhibition cooking and baking; and sampling. Devices which employ the use of all the senses will be used with greater frequency.

The menu must stand out . . .

As the restaurant industry moves into the latter half of the 1980s, menus will take on greater importance as a necessary tool for survival. The ability to "stand-out" from all the rest will be the primary objective. To be an effective tool, the menu must answer who, what, why, how and when. The experienced consumer of the '80s will demand to know at a glance *who* the restaurant is.

What the product offering consists of is determined by the restaurant's personality or position and the needs of the target market. The needs and expectations of the target market are constantly changing as exposure to new product offerings increases. It will be the job of the menu to recognize and offer those things that respond to the customer's needs or wants. The dynamics of the market is *why* the menu must serve as a lifestyle barometer in the interpretation, presentation and measurement of changing consumer demand.

How this will be done will be determined by the technology of the day. The potential of computers is just now being discovered, and information on consumer needs, trends and lifestyles have yet to be fully translated.

When should the menu process take place? The answer lies in understanding that the moment a restaurant is opened, it begins to lose its mystic. In order to prevent a premature death, the menu must constantly evolve to keep the concept in tune with changing times. ❑

John Gruner, president of John Gruner Solutions, Richmond, VA, was one of the judges for the 21st Great Menu Contest. Gruner also teaches NRA's menu development seminar.

TO YOUR HEALTH

FISH
The heart food of the 80s

Already the most popular menu item in America's 100 richest, independent restaurants,* fish could very well be on the verge of becoming the heart food of the 1980s. Scientists have long recognized the beneficial effects that polyunsaturated fats, those in vegetables and fish, have in reducing the risks of heart disease. Yet, fish oils vary slightly in chemical composition from vegetable oils; and researchers are beginning to think that due to this variation the fats in fish are the most useful polyunsaturates in preventing heart disease.

The fats in shellfish, fin fish and marine mammals, technically known as omega-3 fatty acids, seem to work against heart disease

- *by lowering blood cholesterol levels more effectively than vegetable fats.* High levels increase the risk of heart disease.
- *by raising blood HDL levels.* HDL, commonly referred to as "good cholesterol," is suspected of preventing diseases of the heart and
- *by thinning the blood,* making it less likely to clot or build up on vessel walls. This effect reduces not only the incidence of heart attack but of stroke as well.

Low in calories . . .

Fish also is a perfect choice for calorie counters. Even the higher fat varieties, which have a better effect on lowering blood cholesterol, are low-cal. Salmon, for example, contains only 163 calories in a 3½-ounce portion.

The low carbohydrate content of fish contributes to its low caloric levels. Shellfish do contain some stored carbohydrate, glycogen, which makes

*according to a study by *Restaurants and Institutions* magazine

Poached trout "Chinese style"

Serves 2

1 bunch scallions (slivered 3" pieces)
5 slices fresh ginger (thin match stick)
2 fresh trout, one-pound each with heads on
7 T. peanut oil
1 T. sesame oil
3-4 T. Chinese soy sauce (or to taste)

Fill a large pot (or fish poacher) with water to cover trout by one inch. Bring water to boil with a few scallions cut lengthwise (3" pieces) and a few slices of ginger. Immerse cleaned trout (heads on) in seasoned water. Cover and reduce heat to a bare simmer and poach eight minutes. After four minutes, put oils into a small pan and heat. Remove trout. Place on platter. Cover each with slivered ginger, thin scallions; drizzle with hot oils. Pour soy sauce over.

—Courtesy of Chef Carol Server, Troutdale Dining Room, Troutdale, VA

Monkfish Stew—French Canadian

Serves 2 to 3

1 lb. monkfish fillet, cut into bite-size pieces
2 T. olive oil
3 shallots (or substitute the white part of a scallion and a little garlic)
½ cup white wine
½ cup Madeira
½ cup tomatoes, pureed
1-2 dashes of Tabasco
Salt and pepper to taste
Breadcrumbs, unflavored (optional)

Saute shallots in olive oil until transparent. Add fish and stir; then add wines, tomato puree, Tabasco and pepper. Simmer for about 20 minutes. Add bread crumbs for thickening if desired. Taste for seasoning. Add salt, pepper and Tabasco as desired.

—Courtesy of Virginia Institute of Marine Sciences, Gloucester Point, VA

Squid Salad

Serves 6

2 lbs. squid, cleaned
¼ cup dry white wine
Salt to taste
Fresh ground black pepper to taste
2 cloves garlic, peeled and minced
1 red hot cayenne pepper
2 bay leaves
6 sprigs fresh parsley
2 t. minced garlic
3 t. fresh lemon juice
1 t. tarragon vinegar
1 t. red wine vinegar
¼ cup olive oil
½ cup chopped onion
2 fresh basil leaves
¼ cup grated carrot
¼ cup tiny peas
¼ cup diced celery

Cut squid into rings ½" wide. Cut tentacles into bite-size pieces. Put squid in saucepan. Add wine and water to cover; add salt, pepper, garlic, red pepper, bay leaves and parsley. Bring to boil, cover and cook for one minute. Drain and chill. Place squid in mixing bowl and add remaining ingredients. Toss and chill.

—Courtesy of Chef David Jordan, Virginia Museum of Fine Arts, Richmond, VA

scallops and shrimp taste so sweet.

Fish has an abundance of high-quality protein. As little as four ounces of most fish will supply half of the body's daily protein requirements. In addition to being an excellent source of protein, less space and feed are required to produce a pound of fish than an equal amount of poultry, pork or beef.

Fish, especially shellfish, generally have more minerals than meat. Although low in iron, fish contain iodine, a mineral lacking from inland foods. Except for canned salmon, which includes solubilized bones, fish resembles meat in its low calcium content. Though inhabitants of salt water, fin fish, scallops and shrimp are low in sodium and perfectly acceptable on low-salt diets. Other shellfish have more sodium and should be avoided by those restricting their salt intake. The vitamin content of fish is fairly limited to vitamins A and D.

Fish varies in flavor . . .

Fin fish, found in both fresh and salt water, vary in flavor depending on origin and fat content. Fish from warm, muddy water lack the flavor and quality of fish caught from deep, clear, colder water.

Another predictor of flavor is fat content. Unfortunately, many foods taste better the fatter they are. Fish is no exception. In fact, fat content is the basis of fin fish classification. Lean fish has less than five percent fat while fat fish contains five to 20 percent fat. Examples of the mild-tasting, lean fish include cod, haddock, sole, flounder and bass. Trout, salmon, mackerel and shad are a few of the more flavorful fat species, which are proving to be most effective in preventing heart diseases. The amount of fat a fish carries is dependent on the season. Some species are fattier in the summer and fall when they are feeding. Others, like shad, lose fat to their roe during springtime spawning.

The quality of your seafood can make or break your reputation. Fish is a highly perishable food and extra care must be taken to assure that customers are served a fresh product. When purchasing or preparing fresh fish, look for:

- Body—stiff, with tight scales, red gills, no slime
- Eyes—bright, protruding
- Flesh—firm, will not leave indentation upon touch unless previously frozen or stale and
- Odor—fresh, ocean-like.

For a free resource kit on seafood quality control, contact National Fisheries Institute, 111 E. Wacker Dr., Chicago, IL 60601, (312) 644-6610.

Outlook . . .

The outlook for the U.S. seafood supply is reassuringly good. The 1977 extension of the U.S. fishing zone has resulted in increased catches. In 1983, the total supply of fish products in the U.S. was a record 8.4 billion pounds. As the supply grows and diners become comfortable with seafood, their demands may become more sophisticated. Well over 10,000 species of fish exist but only 100 to 200 are commercially significant. Some of the so-called "underutilized" species are coming into vogue in various regions of the country. In New England, for example, The National Fisheries Institute cites monkfish, mako shark, dogfish and squid. The opportunity to experiment beyond scrod, halibut, shrimp and lobster certainly does exist.

—Claire Regan

Nutritive values of fish

Fish*	Percent protein	Percent fat	Calories	Cholesterol mg.	Sodium mg.
Lean Fin Fish					
Cod	17.4	0.5	74	21	90
Croaker	18.5	2.5	98	54	72
Flounder	18.1	1.4	88	48	121
Haddock	18.2	0.5	77	58	98
Halibut	18.7	4.3	119	47	156
Monkfish	20.3	0.8	88	19	180
Mullet	20.1	4.6	122	21	70
Sea Bass	19.1	1.6	90	55	67
Swordfish	19.4	4.4	118	60	102
Whiting	18.9	1.3	90	19	50
Fat Fin Fish					
Catfish	17.6	5.2	157	45	60
Mackerel	19.5	9.9	167	80	33
Rainbow Trout	20.7	6.8	154	48	52
Salmon	19.9	9.3	163	60	76
Shad, American	18.0	11.2	173	Not Available	54
Shellfish					
Clams	10.7	1.2	62	40	253
Crab	15.9	1.3	78	102	330
Lobster	17.6	1.4	85	60	296
Mussels	11.6	1.7	80	63	214
Oysters	10.3	1.6	75	50	386
Scallop	14.6	0.7	78	40	163
Shrimp	17.8	0.2	91	158	111
Squid	16.8	1.3	87	283	317

Source: National Marine Fisheries Service **3½ oz. raw, edible portion*

Fisher's Law #61

"Do I have the authority for that?"

Over the years I have had numerous opportunities to talk with and observe executives and managers in varying sizes of organizations. One of the most intriguing, yet troublesome, aspects of executing managerial responsibilities is delegating authority.

Many managers do not have a clear concept of *what* it is that they are delegating, and many organizational subordinates do not have a clear understanding of the *scope* of authority within which they are expected to operate. Consequently, managers may indicate to subordinates something in the vein of, "Don't keep coming to me with these kinds of things; I gave you the authority to handle it", or "Why didn't you check with me before you did that?"

On the other side, organizational subordinates may underperform and underachieve, acting too tentatively, because they are uncertain about the exact limits of their authority. Or they may exceed the bounds of authority (as perceived by the manager) so the manager feels compelled to "step in" and rectify matters. A lot of time and effort are devoted to these types of problems—time and effort that should be spent establishing a clear, exact understanding about *what* is being delegated in terms of *scope* of authority. This, of course, is the manager's responsibility. Let me illustrate, by example, the *degrees* of authority that can be delegated.

1. The subordinate as fact gatherer. Here the manager says, "I need information. You are to get it, arrange it in a logical or structured sequence and give it to me in summary form as well as complete detail. Go where you have to go; do what you have to do. Don't try to distill the facts, interrelate them, interpret them or construct tactics or strategy. Don't exceed X$$ in the expenditure of out-of-pocket resources." The manager, in this case, is delegating legwork and does not authorize *any* decision-making authority.

This approach can be successful when the manager has a pretty good sense of the situation and what he/she wants done and looks to the facts and information to confirm a "gut feeling." It will not develop the subordinate's decision-making perspective, but it does give the subordinate exposure to information gathering and in the allocation of resources up to a dollar limit. Administrative assistants, trainees and employees new to a given assignment can function well in this environment.

2. The subordinate as alternative developer. In this case, the manager tells the subordinate, "Get the facts; assemble them; develop alternative plans, tactics and strategies, including contingencies and cost factors, as appropriate. Give me your recommendation and be prepared to support it. I will challenge your thinking to insure broad consideration of all relevant factors on your part. I will make the final decision, which may be a modification or synthesis of the alternatives you presented to me."

This is the next higher level of delegation of authority. The manager reserves the right to the final decision, but the subordinate interconnects points, tactics and strategies into an overall plan and must defend it. The subordinate takes a greater degree of responsibility which can develop the subordinate's perspective and be a time-saver for the manager.

3. The subordinate as decision-maker, the manager as a resource. Here the manager says, "You have the authority to develop strategies and implement them, subject to the heretofore agreed-to mission statement and financial plan. As variances occur, you must manage your way through them. If a problem of significance arises, feel free to come to me, and I'll do everything I can to assist you. If you come to me early enough, I can be your counsellor; but if you come to me too late, I will be your critic. I am holding you accountable for the results."

This approach is best utilized in a decentralized decision-making structure where subordinates are close to matters at hand and where an experienced and steady hand is required on an ongoing basis. The subordinate has major decision-making authority but still has an "outlet," i.e., the manager, to whom he/she can turn if and when necessary or appropriate. The subordinate must have an excellent sense of the business flow, timing and significant events so as not to underutilize or overburden the manager as a resource.

4. The subordinate has total authority; the manager is notified only in a crisis. In this case, the manager says, "You are in charge. I don't want to be (or can't be) contacted unless it's an absolute emergency. I have full faith in you and have placed full authority in your hands."

This degree of delegation of authority is not usual. When it does occur, it's often on a temporary basis, such as when the manager is absent on vacation or recuperating. It's necessary to emphasize that the manager can *never delegate responsibility.* He/she delegates authority, which imposes a responsibility on a subordinate, but is not an abdication of responsibility on the part of the manager. In order to delegate total authority, the manager must have coached the subordinate well; and the subordinate must possess leadership qualities, a general life competence and specific operational competence.

In most large organizations, operating guidelines act as a road map for managers and subordinates. These spell out the different levels of authority, coordination and dollar limits ascribed to the various positions in hierarchical format. With all of this, however, questions of authority still arise such as "Do I have the authority for this? Do I have to coordinate with ____?" Fisher's 61st law won't *solve* this situation, but it may help *resolve* it.

"When delegating authority, spell out with precision what you are delegating, what you are not delegating, and what you expect as the result of the authority delegated. Then be prepared for questions!"

Diversity propels franchise restaurant sales to $38.7 billion in 1983

by Cecelia Niepold and Susan Adelman

Dining at franchise restaurants was once very predictable— hamburgers and french fries or fried chicken. Times have changed, and the lines dividing the segments have blurred. Today pancake chains heavily promote lunch and dinner as well as breakfast, and burger franchises offer chicken and pasta dishes. The franchising industry has grown up with its customers, responding to their maturing tastes and needs.

Demographic trends, such as the aging baby boomers and more working women in the workforce, have led to a general upscaling trend. Firms are redesigning decors and experimenting with a wide variety of menu items, ranging from down-home cooking to Cajun-style concepts. Convenience remains an important factor for many Americans, and firms are installing more drive-thru facilities, focusing on takeout options and offering more home delivery services.

Impressive unit growth (total units have more than doubled between 1970 and 1983) and increased market saturation have led to stiff competition in the franchise field. Consequently, expansion strategies have become more creative and diverse. Companies are stepping up advertising, adding new concepts and developing non-traditional and international sites to capture a larger piece of the market. Many companies have found that acquiring other concepts can be a cost effective and efficient way to broaden market penetration and tap additional market segments. This trend is leading to more and more multi-concept firms in the industry.

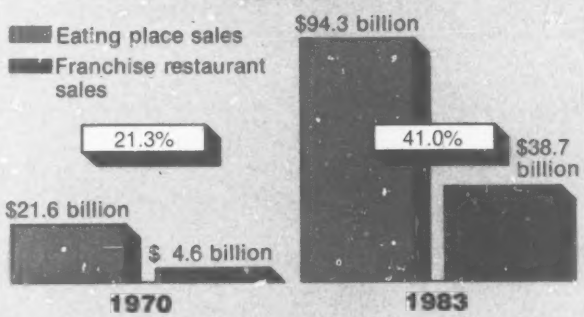
Even though franchising has become increasingly dominated by the giant firms, the small operator remains the heart and soul of the industry. Franchising still offers entrepreneurs the opportunity to start and develop their own business, often at a relatively low cost. And, often, the most successful new menu items or marketing strategies are created by the small franchisee, not the research and development department of a huge corporation.

In general, the franchise industry has adapted well to changing customer preferences and economic trends. The segment has evolved into a large and dynamic portion of the foodservice market. In 1983, franchise restaurant sales reached $38.7 billion—an impressive 41 percent of all eating place sales. In comparison, franchise restaurant sales accounted for only 21.3 percent of total eating place sales in 1970, an indication of the tremendous growth the sector has experienced in a relatively short period of time.

This article highlights the exciting trends in the franchise restaurant market and summarizes the recently released Department of Commerce study, *Franchising in the Economy, 1983-1985**.

The Commerce Department survey is conducted annually. It is the only study of its kind in the U.S. This year's report contains current information on 466 franchise restaurant companies operating 67,528 company-owned and franchisee-owned units.

Franchise restaurants: Percentage of eating place sales*



** NRA eating place sales figures include only establishments with payroll and do not include food contractors.*

Sources: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985;* NRA

Highlights

- The franchise restaurant industry is thriving. In 1983, 67,528 units posted $38.7 billion in sales.
- Competition continues to intensify as firms battle for market share. Companies are responding by diversifying menus and concepts, developing non-traditional sites, acquiring additional concepts to boost market penetration and stepping up advertising expenditures.
- Restaurant franchising accounted for a whopping 41.0 percent of all eating place sales in 1983.
- Hamburger franchise firms continue to steal the show, capturing almost 50 cents out of every dollar spent at franchise restaurants and accounting for more than four out of 10 total franchise units.
- Sandwich franchise restaurants experienced the strongest sales gain in 1983—an impressive 34.0 percent jump. The segment, though growing quickly, still accounts for a fairly small proportion of total franchise sales—1.3 percent.
- Americans treated themselves to $1.6 billion worth of sweets at donut, ice cream and yogurt shops during 1983.
- Firms continue to expand around the world. Sixty-four U.S. firms operated 5,216 international units in 1983—an 18.0 percent jump in units from the prior year.

Sales and unit growth post impressive gains . . .

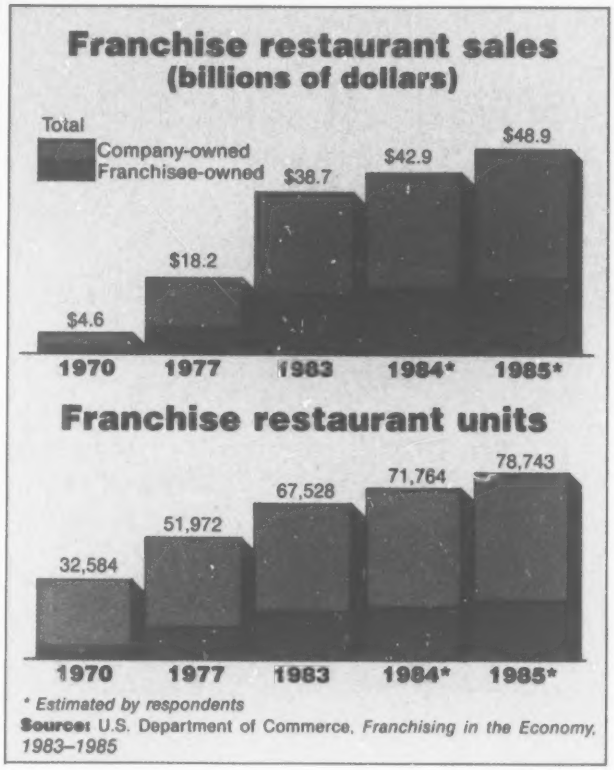
In 1983, franchise restaurants accounted for 9.2 percent of total franchise sales and 15.3 percent of all franchise establishments, making it one of the leading segments in the franchise system. Sales at franchise

restaurants rose a substantial 14.8 percent to $38.7 billion, the strongest advance since 1979. Unit growth was up 6.2 percent in 1983, considerably above the 2.8 percent gain posted in 1982.

This impressive growth is a result of several factors. For instance, the improving economy helped increase unit sales and encouraged franchisors to open additional units. New firms entering the franchise market also contributed to the strong sales growth. During 1983, 18 new franchise firms entered the market, while 10 firms either abandoned franchising or went out of business. The net gain of eight new firms boosted the total number of franchising companies to 466 from 458.

According to the survey, which was completed in mid-1984, franchisors are optimistic about the future growth of this segment. The economy is expected to expand through 1984 and 1985, and franchisors are projecting that sales and unit growth will rise at a rapid rate. For 1984, sales were expected to reach $42.9 billion, an advance of 10.9 percent. Sales are projected to climb 14.0 percent in 1985 to $48.9 billion. Franchisors also expect healthy gains in unit expansion during 1984 and 1985—6.3 percent and 9.7 percent, respectively.

The National Restaurant Association also projects above average sales growth for 1984 and 1985. Total eating place sales, which include franchise restaurant sales, are estimated to increase 9.7 percent in 1984 and 8.6 percent in 1985.



** Estimated by respondents*

Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Company-owned units post substantial gains . . .

Within the franchise restaurant category there are two sub-categories, franchisee-owned restaurants and company-owned restaurants. During 1983, sales gains in the company-owned segment advanced a whopping 21.2 percent to $14.2 billion, the strongest growth since 1977. Sales in the franchisee-owned segment reached $24.4 billion, advancing a healthy but more moderate 11.4 percent. The dramatic growth in the company-owned segment is most likely a result of the large number of new firms (18) entering the franchise market in 1983.

However, franchisors expect that the growth rate should soon even out. Sales by company-owned units are projected to advance 11.8 percent in 1984, just slightly higher than the 10.4 percent increase anticipated for franchisee-owned establishments. By 1985, franchisee-owned unit sales should jump out ahead and rise 14.6 percent to $30.9 billion, while company-owned store sales are forecast to climb a somewhat slower 12.9 percent to total $18.0 billion.

Company-owned units also grew at a faster pace than franchisee-owned outlets in 1983, which probably contributed to the category's strong sales growth. The total number of company-owned stores rose a hefty 9.7 percent in 1983, reaching 21,785 units. This is significantly above the 2.6 percent gain recorded in 1982. Franchisee-owned establishments grew at a slower 4.7 percent rate and totaled 45,743 units in 1983.

Franchisors predict that growth in the number of franchisee-owned units will outpace company-owned outlets during 1984 and 1985. In 1984, franchisee-owned units were expected to rise 6.6 percent versus a somewhat smaller 5.6 percent gain in company-owned units. This trend should continue through 1985, with the number of franchisee-owned establishments advancing 10.1 percent to 53,691 units, versus company-owned outlets increasing 8.9 percent to 25,052 units.

Large firms account for greatest share of sales and units . . .

Larger franchising firms continue to account for the greatest share of franchise restaurant industry sales and units. In 1983, there were 13 firms with 1,000 or more units, matching 1982's level. These multi-unit firms accounted for 57.6 percent of all franchise restaurant sales. Total sales reached $22.3 billion in 1983, up 14.7 percent from the year before. This group also accounts for the largest proportion of franchise restaurant units—51.9 percent.

The number of medium size franchising firms (501 to 1,000 units) reached 15

* The Department of Commerce survey was completed by 1,877 franchisors representing an estimated 99 percent of total franchise sales and establishments in the U.S. The results were compiled by Andrew Kostecka, Finance and Management Industries Division, Office of Service Industries, and published in the report, *Franchising in the Economy, 1983–1985*.

Sales and unit figures for 1983 and projections for 1984 and 1985 reported here are representative only of the 466 franchise restaurant firms surveyed in the most recent study and do not include any new or established firms that may have begun franchising in 1983 and any present firms going out of business or abandoning the franchise system.

in 1983, a gain of one firm and the highest total since 1976. Sales for this group increased 8.7 percent and accounted for 13.1 percent of all franchise restaurant sales. There were 10,236 units in the group—15.3 percent of the total outlets.

Firms operating between 151 and 500 units made impressive gains during 1983. The number of firms in this segment increased 12.5 percent from 40 to 45. Sales jumped a substantial 26.0 percent and accounted for 15.3 percent of all franchise restaurant sales. The number of units also advanced significantly—13.8 percent.

Although the larger franchising firms account for the biggest share of total sales and units, smaller firms still represent a significant segment of the market. Firms with 50 or fewer units comprise a whopping 71.5 percent of all franchise restaurant companies. This indicates that the franchise industry continues to offer a wide range of opportunities for operators of small businesses. Among the small firms, there was a significant gain in the number of companies with 11 to 50 units—8.6 percent. This is probably the result of some of the very small firms (1 to 10 units) adding units and jumping into the 11 to 50 unit category.

Percentage of total franchise restaurant sales and firms by firm size (1983)

Number of units	Number of firms	Percent of total firms
	Percentage of total firms by firm size	
1001+	13	2.8%
501–1000	15	3.2%
151–500	45	9.6%
51–150	60	12.9%
11–50	189	40.6%
1–10	144	30.9%

Number of units	Total sales	Percent of total sales
	Percentage of total sales by firm size	
1001+	$22.3 billion	57.6%
501–1000	5.1 billion	13.1%
151–500	5.9 billion	15.3%
51–150	2.7 billion	7.0%
11–50	2.4 billion	6.1%
1–10	0.4 billion	0.9%

Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Types of franchise agreements issued in 1983

Number of firms	Firms that issued agreements	Term of Agreement (number of years) 1	3	5	10	15	20	25	Perpetual	Other
466	319	1	0	14	65	63	137	7	28	4

Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Primary type of service provided by franchise restaurant firms (1983)

	Number of firms offering self-service or drive-through	Number of firms waiter/ waitress service
Chicken	32	2
Hamburger	93	5
Pizza	70	41
Mexican	24	15
Seafood	8	3
Pancake	0	12
Steak/full menu	18	93
Sandwich/other	46	4
Total	**291**	**175**

Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Franchise agreements issued . . .

Every franchise firm has a different system for issuing franchise agreements. The terms of each agreement can vary.

Of 319 agreements issued in 1983, more than four out of 10 (42.9 percent) were 20-year agreements. Next popular were 10 or 15-year agreements, accounting for 40.1 percent. Twenty-eight franchisees were issued perpetual agreements, and only 14 were issued five-year agreements.

Investment and start-up costs also varied widely. For instance, in 1983, the smallest investment for a company-owned unit was $10,000 and the highest was $2 million. The median investment was $350,000, up from $300,000 in 1982.

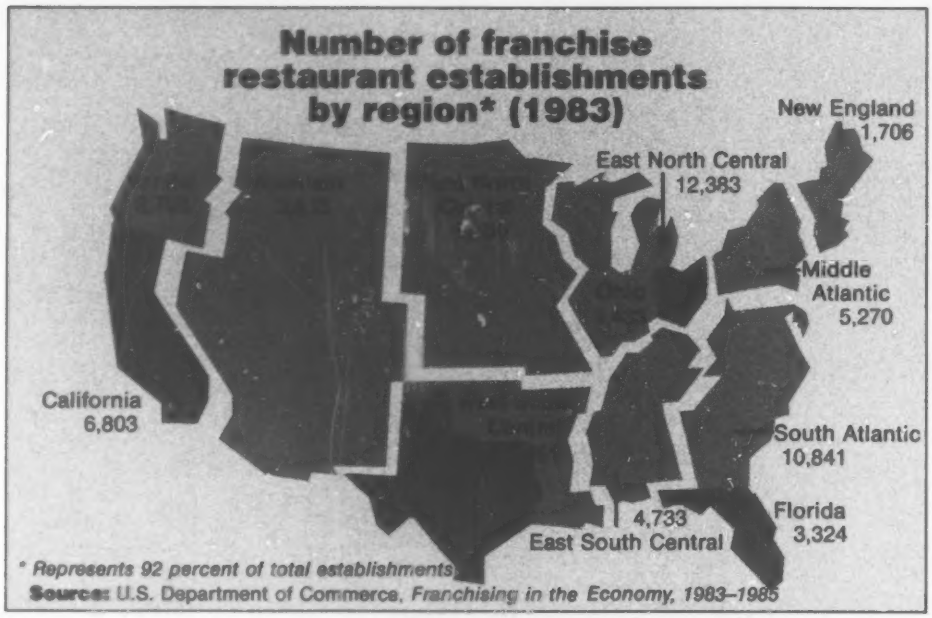
The smallest investment for a franchisee-owned operation was $15,000 and the highest was $1.6 million. The median cost was $230,000, down from $285,000 one year earlier.

Start-up costs for franchisee-owned establishments ranged between $5,000 and $750,000. The median cost was $70,000.

Self-serve and drive-thru service popular . . .

Giving customers the type of service they want is an essential element of any franchise operation, large or small. Customer preferences vary and so do the types of service. Some franchisors offer self-service and drive-thru facilities while others provide tableservice.

Most franchise operations emphasize quick, efficient service and offer self-service or drive-thru facilities. In 1983, 291 firms provided this type of service, up from 278 in 1982. The majority of



firms offering these services were the more traditional hamburger, chicken, pizza and sandwich operations.

The number of firms featuring waiter/waitress service dropped from 180 in 1982 to 175 in 1983. More than half the restaurants providing tableservice were steak and full menu establishments.

Both types of service are common at pizza franchise restaurants. Seventy of these firms provided self-service or drive-thru facilities in 1983, and 41 companies offered tableservice. Pancake franchise restaurants, on the other hand, only offer waiter/waitress service.

Employment in franchise restaurants up 7.7 percent . . .

In 1983 almost two million people were employed by franchise restaurant firms—up 7.7 percent from 1982. According to the Department of Commerce study, franchise restaurants employ more people than any other segment in the franchise network, accounting for 38 percent of all franchise employment. In addition, 40 percent of all persons employed in eating and drinking places in the U.S. worked in franchise restaurants in 1983. This reflects the tremendous economic importance of this sector.

Percentage of franchise restaurant sales by restaurant type (1983)

Sales (billions)		Percent of total
	Chicken	8.8%
	Hamburger	49.0%
	Pizza	12.0%
	Mexican	4.4%
	Seafood	2.4%
	Pancake	2.2%
	Steak/full menu	19.9%
	Sandwich/other	1.3%

Percentage of franchise restaurant units by restaurant type (1983)

Number of units		Percent of total
	Chicken	12.1%
	Hamburger	41.9%
	Pizza	17.6%
	Mexican	5.1%
	Seafood	3.4%
	Pancake	2.3%
	Steak/full menu	14.6%
	Sandwich/other	3.0%

Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–85*

Pacific region records 8.5 percent growth . . .

The number of franchise restaurants increased most rapidly in the Pacific region during 1983, jumping 8.5 percent. Fueling this increase were impressive gains in California and Alaska, where the number of franchise restaurants grew 12.1 percent and 11.6 percent, respectively. The East North Central region accounted for the largest share of franchised units in 1983—18.3 percent.

The Middle Atlantic region experienced a small decline in franchise units—0.5 percent. New Jersey was the only Middle Atlantic state to post an increase in franchise units—1.2 percent.

Individually, several states recorded significant advances in total franchise units. Most notably, North Dakota (30.3 percent) and North Carolina (23.3 percent) reported substantial growth. Other states, such as California (12.1 percent), Mississippi (12.0 percent), Wyoming (11.9 percent) and Alaska (11.6 percent), also posted above average gains in the number of franchise outlets.

Among the states, California (6,803 units), Texas (5,792 units), Ohio (3,433 units) and Florida (3,324 units) reported the largest concentration of franchise outlets during 1983. Altogether, these four states accounted for almost a third of the reported franchise units in the U.S.

An analysis of franchise restaurant types

Even though four firms dropped out of the hamburger, roast beef and hot dog franchise restaurant segment in 1983, the sector still dominated the franchise market. The segment captured 50 cents out of every dollar spent at franchise restaurants and accounted for four out of 10 franchise units.

Intense competition continues in the segment. Firms, determined to increase their market share, are expanding menus, experimenting with late night hours, stepping up advertising and developing more international and non-traditional sites. New locations include military bases, federal buildings, drug stores and mini-units in shopping centers and smaller towns.

Menu trends include a general upscaling—gourmet burgers, dinner platters and diverse salads. Certain items, such as chicken sandwiches and baked potatoes, have become almost as commonplace as cheeseburgers. An increased emphasis on breakfast has led to breakfast bars, croissants and omelet platters.

Competitive pressure will most likely increase in this segment as franchisors combat market saturation and growing competition from other franchise segments.

Summary: hamburger franchises

- Sales rose 12.4 percent in 1983—a significant increase but somewhat below the average gain recorded by all franchise restaurants—14.8 percent. Total sales reached $18.9 billion.
- There were 28,270 franchise hamburger units in 1983—3.6 percent more than in 1982. This moderate advance was the strongest growth, however, since 1979.
- Sales for company-owned units rose 18.1 percent to $5.3 billion in 1983, versus a smaller 10.3 percent rise to $13.6 billion recorded by franchisee-owned units. This is a sharp turnaround from 1982 when franchisee-owned unit sales jumped 20.4 percent and sales at company-owned outlets advanced a more moderate 10.8 percent.
- The gain in the number of company-owned units slightly outpaced franchisee-owned unit growth during 1983. Company-owned outlets totaled 6,378—a 4.6 percent increase from the prior year. The number of franchisee-owned units reached 21,892—up 3.3 percent.
- Franchisors expected sales to increase 12.0 percent to $21.2 billion in 1984 and project a 12.1 percent gain to $23.8 billion in 1985.
- Unit growth was expected to advance 4.2 percent in 1984 and then accelerate in 1985 with a stronger 7.4 percent gain.

Percent sales change in hamburger vs. total franchise restaurants* (1981–1985)

	Hamburger franchises	Total franchise restaurants
1981	2.1%	7.8%
1982	17.7%	12.2%
1983	12.4%	14.8%
1984**	12.0%	10.9%
1985**	12.1%	14.0%

** Percent change from previous year*
*** Estimated by respondents*

Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Percent sales change in pizza vs. total franchise restaurants* (1981–1985)

	Pizza franchises	Total franchise restaurants
1981	29.0%	7.8%
1982	18.0%	12.2%
1983	24.3%	14.8%
1984**	12.3%	10.9%
1985**	16.2%	14.0%

** Percent change from previous year*
*** Estimated by respondents*

Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Pizza posts impressive gains . . .

The pizza segment experienced strong growth in 1983, with five new franchise firms entering the field. The sector accounted for 17.6 percent of all franchise units.

Pizza franchisors are focusing on a wide variety of products and services, ranging from gourmet pizza to fast home delivery. To increase traffic, operators are serving smaller pizzas at lunch, and some are even experimenting with breakfast in a pizza crust. Other new products include pizzas with natural, low-calorie toppings and stuffed pizzas.

The segment posted the most impressive international growth in 1983. The number of pizza firms with overseas units jumped by 50 percent—from 10 to 15. As recently as 1980, only eight pizza firms operated international units.

Summary: pizza franchises

- Pizza franchise restaurant sales reached $4.6 billion in 1983, up 24.3 percent from 1982. This increase is substantially above the 18.0 percent advance posted in 1982 and is one of the strongest sales gains posted among the franchise restaurant segments in 1983.
- The number of units reached 11,852 in 1983—an 11.5 percent advance and significantly above the 9.6 percent gain posted in 1982.
- Company-owned unit sales out-performed franchisee-owned sales for the second year in a row. Company-owned sales rose 27.2 percent to $1.8 billion. In comparison, franchisee-owned unit sales experienced a 22.5 percent gain to $2.8 billion.

• The growth in company-owned units outpaced franchisee-owned outlets for the first time since 1976. The number of company-owned units jumped 11.9 percent to 4,140 operations. Franchisee-owned units increased at a slightly slower rate—11.3 percent—and totaled 7,712 outlets.
• Franchisors expected sales growth would slow somewhat and rise 12.3 percent to $5.2 billion in 1984. Sales are projected to pick up in 1985, increasing 16.2 percent to $6.1 billion.
• Unit growth was expected to moderate in 1984 and advance 10.5 percent to 13,093 units. In 1985, however, unit expansion is expected to boom, jumping 13.8 percent—the strongest gain since 1977.

Chicken market soars . . .

The chicken franchise segment gained two new firms in 1983, bringing the total to 34. Sales jumped a strong 16 percent to $3.4 billion.

Once known for basic fried chicken entrees, chicken franchise restaurants are branching out in new directions with a wide variety of restaurant concepts. Chicken chains are also experimenting with specialty items such as spicy rice, fried zucchini and biscuit sandwiches.

The future looks bright for the chicken market. Consumers' perception of chicken as a nutritional entree will help maintain growth, and strong regional chains should help boost sales and expansion. Competition, however, will probably increase as firms battle for market share.

Summary:
chicken franchises
• Chicken franchise restaurant sales jumped substantially in 1983—16.0 percent—totaling $3.4 billion. This was the largest increase since 1980 and was significantly above the modest four percent gain posted in 1982.
• The number of units advanced at a more moderate pace—4.8 percent—reaching 8,147 outlets. This increase approximates the 4.7 percent gain in 1982.
• Company-owned unit sales advanced 16.5 percent to $1.3 billion, equaling 1982's growth rate. Franchisee-owned sales increased 15.6 percent to $2.1 billion. This reverses the declines experienced in 1982 and 1981.
• The number of company-owned units increased 8.9 percent in 1983, reaching 2,821 units. This was a drop from the strong 15.2 percent gain posted in 1982. On the other hand, franchisee-owned units advanced 2.8 percent to 5,326 outlets. Although less substantial than the increase in company-owned units, the 1983 gain in franchisee-owned units was an improvement over the slight 0.8 percent increase recorded by the category in 1982.
• Franchisors expected overall sales in the chicken franchise segment would rise 16.1 percent in 1984 and then jump 18.7 percent in 1985, totaling $4.7 billion.
• Unit growth was projected to increase 11.0 percent in 1984, and another 11.6 percent gain is expected in 1985 for a total of 10,087 units.

Percent sales change in chicken vs. total franchise restaurants* (1981–1985)

	Chicken franchises	Total franchise restaurants
1981	3.6%	7.8%
1982	4.0%	12.2%
1983	16.0%	14.8%
1984**	16.1%	10.9%
1985**	18.7%	14.0%

** Percent sales change from previous year*
*** Estimated by respondents*
Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Percent sales change in Mexican vs. total franchise restaurants* (1981–1985)

	Mexican franchises	Total franchise restaurants
1981	21.8%	7.8%
1982	17.6%	12.2%
1983	33.7%	14.8%
1984**	12.3%	10.9%
1985**	16.1%	14.0%

** Percent sales change from previous year*
*** Estimated by respondents*
Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Mexican growth is still hot . . .

In 1983, the number of Mexican franchise restaurant firms jumped from 33 to 39—the largest increase among the franchise segments. Sales rose a substantial 33.7 percent, second only to sandwich franchises' sales gain.

Although national expansion in the Mexican market continues at a fairly rapid pace, most firms are still regional companies competing with smaller independent operations. Concepts are diversified, ranging from upscale to quick service. New marketing strategies in this segment include "express" lunch operations.

International expansion also continues at a strong clip—the number of foreign units has more than tripled since 1980.

Summary:
Mexican franchises
• Sales for Mexican franchise restaurants rose 33.7 percent to $1.7 billion in 1983. This is the strongest growth rate since 1977 when sales jumped 60.1 percent.
• Unit growth also increased substantially—13.4 percent—totaling 3,469 units. This was significantly above the modest 1.9 percent gain recorded in 1982.
• Sales for company-owned and franchisee-owned units increased at a similar rate. Company-owned sales rose 34.2 percent to $865 million, while franchisee-owned sales advanced 33.1 percent to $816 million.
• Unit expansion for franchisee-owned outlets out-

paced company-owned stores, however. The number of franchisee-owned units jumped 16.3 percent, reversing a 1.3 percent decline one year earlier. Total company-owned units rose 9.9 percent, reaching 1,538 outlets.

• Franchisors expect somewhat more moderate growth in the future. Sales were projected to rise 12.3 percent in 1984. A further 16.1 percent increase is predicted for 1985, bringing the total to $2.2 billion.

• Unit growth projections are 8.6 percent for 1984 and 12.3 percent for 1985. By 1985, franchisors expect to have 4,228 units in operation.

Seafood slows . . .

Correcting mis-reported information in last year's franchise report, sales in the seafood sector reached $909 million in 1982, up a slight 2.3 percent. This is significantly less than the 54.5 percent gain to $1.4 billion that was originally reported.

Sales remained sluggish during 1983, rising a modest 3.2 percent. Three firms dropped out of the segment, which may have contributed to the small sales gain.

To boost sales and traffic, several franchisors have embarked on extensive remodeling and menu expansion programs. Firms are updating decors and adding more broiled and baked items as well as additional non-seafood entrees.

Franchisors expect brighter days ahead and project unit expansion and sales will increase substantially in 1984 and 1985. Franchisors hope to capitalize on consumer interest in seafood as a nutritional, healthy menu item to help boost sales.

Percent sales change in seafood vs. total franchise restaurants* (1981–1985)

	Seafood franchises	Total franchise restaurants
1981	13.1%	7.8%
1982	2.3%	12.2%
1983	3.2%	14.8%
1984**	14.3%	10.9%
1985**	16.2%	14.0%

** Percent sales change from previous year*
*** Estimated by respondents*
Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Percent sales change in steak/full menu vs. total franchise restaurants* (1981–1985)

	Steak/full menu franchises	Total franchise restaurants
1981	10.6%	7.8%
1982	2.2%	12.2%
1983	15.0%	14.8%
1984**	4.1%	10.9%
1985**	13.9%	14.0%

** Percent sales change from previous year*
*** Estimated by respondents*
Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Summary: seafood franchises

• Sales totaled $938 million in 1983, up a moderate 3.2 percent. This is above 1982's 2.3 percent gain, but is one of the smallest increases among the franchise restaurant segments during 1983.

• Unit growth was up four percent, reversing 1982's 0.2 percent decline. Total units reached 2,309 in 1983.

• Franchisee-owned sales rose 3.6 percent to $405 million, slightly outpacing the 2.8 percent gain posted by company-owned units. The franchisee-owned sales increase reversed a 4.4 percent decline one year earlier. On the other hand, the 1983 company-owned sales gain was less than the 8.0 percent advance posted in 1982.

• Unit growth at franchisee-owned outlets advanced four percent to 1,112 units, reversing a drop in total units during 1982. The number of company-owned outlets increased 3.9 percent to 1,197, significantly above the slight 0.1 percent growth in 1982.

• Franchisors are optimistic about future growth in the segment. Sales were expected to advance 14.3 percent in 1984 and then jump 16.2 percent during 1985. By year's end, sales are forecast to top $1.2 billion.

• Unit expansion was expected to advance 7.3 percent in 1984 and should increase 8.4 percent in 1985—the strongest gains since 1977.

Steak/full menu sales up . . .

Things are looking up for the steak/full menu category, which experienced above average growth in 1983. An improving economy helped the segment reverse the slow sales and drop in total units posted in 1982. Increasingly optimistic consumers are trading up and dining out more frequently, boosting sales in this sector.

Chains are expanding traditional beef-oriented menus and adding salad bars, ethnic specialties and lighter entrees. Special breakfast and lunch promotions are encouraging additional traffic. In response to customers' "grazing" tendencies, firms have added a variety of appetizers. New decors, more contemporary and sophisticated, are contributing to the new image.

Summary: steak/full menu franchises

• Sales advanced 15.0 percent in 1983 to $7.7 billion—a dramatic increase from the 2.2 percent gain posted one year earlier.

• Unit growth rose 7.8 percent, reversing a 2.9 percent decline in 1982. The total number of units reached 9,849 in 1983.

• Company-owned unit sales outperformed franchisee-owned sales. Company-owned sales jumped 26.8 percent to $4.1 billion, a significant upturn from the 2.5 percent decline in 1982. Franchisee-owned sales rose a moderate 4.1 percent to $3.6 billion, down somewhat from the 6.9 percent gain posted one year earlier.

• Unit expansion at com-

pany-owned units also stole the show. The number of company-owned units jumped 19.2 percent to 4,794 units. This compares with a 1.2 percent decline in franchisee-owned units, which totaled 5,055 in 1983.

• Franchisors expected sales would slow somewhat in 1984, rising a moderate 4.1 percent to $8.0 billion. But the projections are brighter for 1985; sales are forecast to climb 13.9 percent to $9.2 billion.

• Unit growth was also expected to slow in 1984 and increase a slight 0.8 percent. Expansion should pick up in 1985, with total units advancing 6.7 percent to 10,589 outlets.

Pancake sales drop . . .

Both sales and unit growth dropped in the pancake franchise market in 1983. Most of this decline was due to the number of pancake firms dropping from 15 to 12 during 1983. Another factor contributing to the slowdown may be the increased breakfast competition from other chains.

In response, pancake firms are putting increased emphasis on lunch and dinner menus, marketing their concepts as three-meal restaurants. Chains are also adding lighter entrees and experimenting with new decors to attract a wider customer base.

Summary: pancake franchises

• Pancake franchise restaurant sales dropped 6.2 percent in 1983 to $838 million—the slowest performance among the franchise restaurant segments. This reverses 1982's positive 5.4 percent sales growth. Most of this significant decline is due to the sharp drop in pancake firms during 1983.

Percent sales change in pancake vs. total franchise restaurants* (1981–1985)

	Pancake franchises	Total franchise restaurants
1981	8.0%	7.8%
1982	5.4%	12.2%
1983	−6.2%	14.8%
1984**	10.1%	10.9%
1985**	8.2%	14.0%

** Percent sales change from previous year*
*** Estimated by respondents*
Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Percent sales change in sandwich vs. total franchise restaurants* (1981–1985)

	Sandwich franchises	Total franchise restaurants
1981	27.9%	7.8%
1982	10.5%	12.2%
1983	34.0%	14.8%
1984**	18.9%	10.9%
1985**	29.6%	14.0%

** Percent sales change from previous year*
*** Estimated by respondents*
Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

• The number of total units also declined, dropping 5.3 percent to 1,558 outlets and reversing 1982's strong 9.7 percent unit growth.

• Sales at franchisee-owned units led the decrease, dropping 6.8 percent to $574 million. Company-owned sales also declined, decreasing 4.9 percent to $264 million.

• Unit expansion at company-owned outlets dropped 5.4 percent and totaled 488 units in 1983. The number of franchisee-owned outlets reached 1,070—a 5.2 percent decline.

• Pancake franchisors expect brighter days ahead. Sales were predicted to increase 10.1 percent in 1984 and 8.2 percent in 1985. By year's end, sales are projected to reach $999 million.

• Unit expansion was expected to rise 3.9 percent in 1984 and should increase 6.5 percent in 1985 to 1,725 units.

Sandwich segment posts strongest growth . . .

Sales and unit growth soared in the sandwich segment in 1983, outperforming all other franchise sectors. Four new firms entered the sandwich market, which contributed to the impressive gains.

Other factors, such as low start-up and labor costs, have helped boost growth. Also, sandwich restaurants are among the most adaptable restaurant operations, easily thriving in a variety of locations.

Firms have developed a large number of signature items, ranging from thick subs to over-stuffed sandwiches. Some chains are marketing freshly baked bread products and even installing gourmet food shops.

Summary: sandwich franchises

• Sales jumped 34.0 percent to $502 million in 1983—the strongest gain among the franchise restaurant segments. This is a substantial advance from the 10.5 percent increase posted in 1982.

• Unit expansion jumped 14.6 percent to 2,074 outlets—again, the most impressive performance among the franchise restaurant categories.

• Company-owned sales led the increase with a dramatic 44.1 percent advance to $93 million. Sales at franchisee-owned units also jumped, rising 31.9 percent to $409 million.

• The number of franchisee-owned units rose 15.0 percent to 1,645 outlets in 1983. In comparison, company-owned unit growth advanced 13.2 percent to 429 operations.

• Franchisors expect sales growth will continue in this segment but should moderate slightly. Sales are projected to have advanced 18.9 percent to $598 million in 1984 and should jump 29.6 percent to $774 million in 1985.

• Unit expansion is expected to maintain its momentum, rising 15.2 percent in 1984 and 21.0 percent in 1985. By 1985, franchisors expect to have 2,890 units in operation.

Franchise ice cream/yogurt store and donut shop sales total $1.6 billion

Franchise ice cream/yogurt store and donut shop sales totaled $1.6 billion in 1983, making them a significant segment of the foodservice industry. Because these establishments are classified as "food retailers other than convenience stores" by the U.S. Department of Commerce in its *Franchising in the Economy, 1983-1985* study, their sales are not included in the $38.7 billion figure reported for franchise restaurants in 1983. If they were included, franchise restaurant sales would reach $40.3 billion and would account for 42.8 percent of eating place sales.

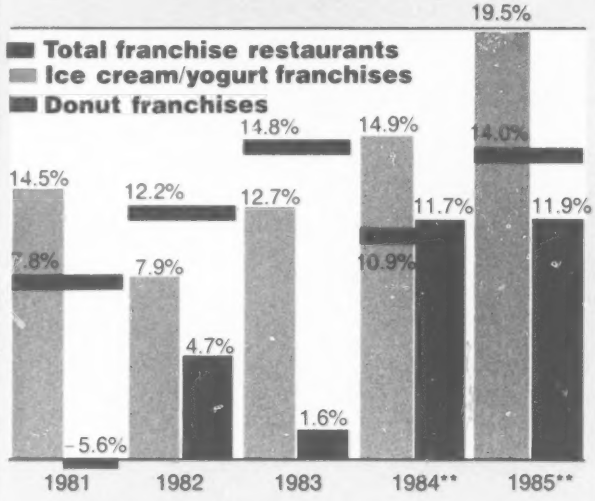
Ice cream and yogurt stores post $965 million in sales . . .

Americans have a passion for ice cream, and an increasing number of franchise firms are capitalizing on this craze. Fourteen new firms entered the ice cream/yogurt market in 1983, indicating the growing popularity of the segment. Americans can now treat themselves to an incredible variety of products, such as non-dairy sweets, tofutti and frozen yogurt. Exotic flavors and a wide range of "mixed-in" items are making ice cream shops more tempting than ever. To further boost sales, several firms are now marketing their products in grocery stores.

Summary: ice cream and yogurt shops

• Sales for ice cream and yogurt franchises rose a considerable 12.7 percent in 1983, reaching $965 million. This is well above the 7.9 percent gain in 1982.

Percent sales change in donut & ice cream/yogurt vs. total franchise restaurants* (1981–1985)



* Percent sales change from previous year
** Estimated by respondents

Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

• Unit growth advanced an impressive 14 percent to 6,322 units, up substantially from 1982's gain of 2.2 percent. Fourteen new firms entered the market in 1983, bringing the total to 45 companies.

• Sales at company-owned operations reached $61 million in 1983, a substantial 18.6 percent advance. Franchisee-owned unit sales rose a somewhat slower 12.3 percent and totaled $904 million. This is a significant gain from 1982 when franchisee-owned sales advanced 4.7 percent.

• The number of company-owned outlets totaled 186 in 1983, compared with 163 units one year earlier—a gain of 14.1 percent. Franchisee-owned units grew at a similar 14 percent rate, reaching 6,136 outlets. This is considerably above the 1.7 percent advance recorded for franchisee-owned units in 1982.

• Franchisors expect sales to continue to increase at a rapid pace through 1985. In 1984, sales were forecast to reach $1.1 billion, up 14.9 percent from 1985. A stronger 19.5 percent increase is expected for 1985, and sales should total $1.3 billion.

• Unit growth should also increase at impressive rates in 1984 and 1985. During 1984, the total number of ice cream and yogurt franchise outlets should have reached 7,265 units, up 14.9 percent. The number of units is forecast to total 8,755 by 1985, a significant 20.5 percent advance.

Donut sales slow . . .

Increased breakfast competition from other major chains may have contributed to slow growth in the donut segment. Franchisors have added a variety of new items to help boost traffic—croissants, muffins and even deli-type sandwiches.

Summary: Donut franchises

• Donut franchise sales reached $691 million in 1983, a slight 1.6 percent increase. This compares with a somewhat stronger 4.7 percent gain in 1982.

• The total number of units totaled 2,177, down two percent from the prior year. This decline probably reflects the fact that one firm dropped out of the donut franchise market.

• Sales at company-owned units grew a modest 0.3 percent in 1983 to $89 million. Franchisee-owned outlet sales advanced a faster 1.8 percent, reaching $602 million.

• Unit growth at company-owned outlets fell 4.4 percent, while total franchisee-owned units declined a smaller 1.7 percent.

• Franchisors expect unit sales to pick up in 1984 and 1985. Sales should have reached $772 million by 1984, a gain of 11.7 percent. By 1985, sales at donut franchise shops are predicted to total $863 million—an 11.9 percent increase.

• The number of donut franchise units should have advanced 6.7 percent in 1984 and is expected to jump a more significant 9.5 percent in 1985, totaling 2,543 units.

International marketplace offers expansion opportunities

Each year an increasing number of American franchise restaurant firms venture into the international marketplace. These firms have discovered that this relatively untapped market offers vast opportunities for franchisors looking to expand their operations. The influx of American firms into foreign markets should continue as more franchisors take advantage of the growth potential these markets provide. However, they will be faced with increased competition from local firms and other international companies.

Sixty-four franchise restaurant firms operated units outside the U.S. in 1983, and seven of these firms entered the international franchise market for the first time, according to the Department of Commerce study, *Franchising in the Economy, 1983-1985*. This helped boost the total number of American franchise units throughout the world to 5,516, up 18 percent from 1982.

Canada had 1,539 U.S. franchise outlets in 1983, more than any other foreign market. This was a hefty 31.3 percent increase above 1982's total units. Japan, with 1,334 units, had the second largest concentration of outlets in 1983, up six percent over 1982. Next was Australia with 552 units, followed by the United Kingdom with 542 units and continental Europe with 455 outlets. The largest increase in U.S. franchise restaurants occurred in Central America, where total units climbed a whopping 51.1 percent from 45 units in 1982 to 68 establishments in 1983.

Hamburger firms dominate market . . .

Hamburger franchise restaurants accounted for more than half of all international franchise units in 1983. Fourteen firms operated hamburger franchise outlets throughout the world in 1983—the same number as one year earlier. However, the number of franchise units advanced an impressive 19 percent to 2,811.

Canada had more hamburger franchise outlets than any other international market in 1983—1,149 units. Japan, with 596 units, had the second highest number of hamburger franchise units. The greatest expansion occurred in South America, where the number of units skyrocketed 52.4 percent from 21 units in 1982 to 32 units in 1983. In addition, substantial gains were made in Central America, where the number of units advanced 50 percent, and in areas of Asia other than Japan where unit expansion grew 42.3 percent.

Chicken franchise restaurants still on top in six international markets . . .

Chicken franchise restaurants continue to remain popular in foreign markets. In fact chicken franchises held the largest share of total franchise restaurants in six of the 12 reported international markets. In Africa, for example, chicken franchises represented 94.7 percent of all franchise restaurant types, and in the United Kingdom they accounted for 68.1 percent. Other markets in which chicken franchise restaurants ranked number one include: Mexico, New Zealand, the Caribbean and Australia.

During 1983, seven firms operated chicken franchise outlets in foreign markets—one more than in 1982. The total number of chicken franchise units reached 1,621, up 9.3 percent from one year earlier. In Japan, 436 units were in operation, more than in any other foreign market. However, the greatest gain was made in Canada, where the number of units almost tripled, ris-

ing from 13 units to 38 units.

Number of pizza franchise restaurants on the rise . . .

Five new firms entered the international pizza market in 1983, bringing the total number of firms to 15. These firms operated 498 units, a 21.5 percent jump from 1982. Australia led the other international franchise markets with the most pizza outlets—127. The next highest concentration of pizza outlets was in Canada, which reported 87 units.

Mexican franchise restaurants grow at rapid pace . . .

During 1983, Mexican franchise units also grew at a rapid pace in the international market. Eighty-three Mexican franchise units were in operation in 1983 versus 52 outlets in 1982, a jump of 59.6 percent. The number of Mexican franchise firms grew from six to seven in 1983, which helped boost the total number of units and reversed the 13.3 percent decline in Mexican outlets posted in 1982.

Unit growth increased a substantial 96.8 percent in Canada, where the number of Mexican franchise outlets jumped from 31 to 61 in 1983. In addition, in both South America and areas of Asia other than Japan, a Mexican franchise restaurant opened for the first time. However, in Australia, the number of Mexican restaurants dropped from four in 1982 to two in 1983.

Percent change in international franchise restaurant units by restaurant type (1982–1983)

Restaurant type	Total units (1983)	Percent change (1982–1983)
Chicken	1,621	9.3%
Hamburgers	2,811	19.0%
Pizza	498	21.5%
Mexican	83	59.6%
Seafood	18	150.0%
Pancakes	12	−14.3%
Steak/full menu	470	37.4%
Sandwich/other	3	300.0%
Total	**5,516**	**18.0%**

Source: U.S. Department of Commerce, *Franchising in the Economy, 1983–1985*

Several foreign markets boasted impressive gains in the total number of pizza franchise units. Continental Europe, for example, experienced an overwhelming 580 percent increase in pizza franchise outlets. Total units rose from five in 1982 to 38 in 1983. In Central America the number of pizza franchise outlets more than doubled, from nine to 20 in 1983. Additionally, the United Kingdom witnessed the opening of its first three pizza franchise units during 1983. Japan, on the other hand, recorded a 40.1 percent decline in overall pizza franchise units.

Number of seafood franchise restaurants up . . .

The number of seafood franchise restaurants outside the U.S. grew by half in 1983, from 12 to 18 outlets. This increase reflects the addition of six seafood franchise units in areas of Asia other than Japan and brings the total number of seafood franchise restaurants in this area to seven. Three seafood franchise firms operated foreign units in 1983—the same number as in 1982.

Despite fewer firms, number of steak/full menu units on the rise . . .

Although the number of firms operating steak/full menu franchises in international markets fell from 16 to 14 in 1983, the total number of units in this category rose 37.4 percent to 470. Japan, with 237 units, had the largest concentration of steak/full menu franchise units, up from 205 in 1982. Canada also had a high concentration of units in 1983—192 outlets compared with a considerably lower 100 units one year earlier. This total still falls short of the 197 steak/full menu franchise units operating in Canada during 1981. Mexico had a total of 20 steak/full menu units—the same as in 1982—and Australia reported 10 outlets, up from seven the year before.

Pancake franchise units fall off . . .

Although two firms continued to operate pancake franchise units outside the U.S., the number of pancake units fell from 14 in 1982 to 12 in 1983. In Canada, the number of pancake units dropped from seven to three, contributing to the overall decline in pancake franchise outlets. However, the number of pancake units is expanding in Asia. In 1983, Japan had eight units, one more than in 1982, and the first pancake franchise establishment opened in an area of Asia other than Japan.

Sandwich franchise firms enter market for first time since 1981 . . .

Two sandwich franchise firms ventured into the international market during 1983. One firm operated two units in 1981 but dropped out of the segment in 1982. The two new firms opened three units in Canada.

Statistical appendix available

The National Restaurant Association has compiled an in-depth report of the franchise restaurant industry, based on data from the Commerce Department survey. This informative tool, *Franchise Restaurants: A Statistical Appendix to Foodservice Trends*, summarizes information from 1969 to 1985.

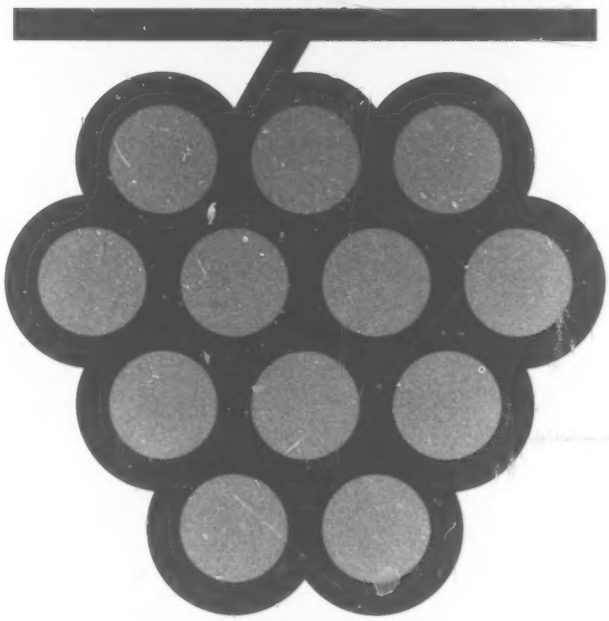
The cost to NRA members is $12.50 (plus $2 shipping and handling). The cost to non-members is $25.00 (plus $2.50 shipping and handling). Residents of Washington, DC, and Illinois must add a six percent sales tax. Chicago, IL, residents must add an additional one percent sales tax, bringing their sales tax total to seven percent.

To order, contact the National Restaurant Association, 311 First St., N.W., Washington, DC 20001 or call (800) 424-5156 or (202) 638-6100. *Payment must accompany all orders.* Credit and telephone orders are accepted. Please specify number CS207 when placing your order.

In keeping with its custom of originating traditions, the National Restaurant Association will introduce the first NRA Wine Classic at the 66th NRA Restaurant, Hotel-Motel Show to be held at McCormick Place, Chicago, IL, May 18-22, 1985. The NRA Wine Classic is the first national wine competition to be sponsored by the hospitality industry.

"The NRA Wine Classic will be the granddaddy of all wine classics," predicts NRA Vice President Ted Balestreri who will serve as chairman of the event.

NRA to feature first WINE CLASSIC



"NRA has always taken a lead in setting trends throughout the industry. At the 1985 Show, we will again be first in line in our recognition of the finest in American wines."

The NRA Wine Classic is the newest addition to the traditional schedule of exhibitions, seminars, banquets and special events—all of which combined will make the 1985 NRA Show the most spectacular ever. Last year more than 88,000 industry representatives from all corners of the globe attended what is known as the "Show of Shows," the largest foodservice and lodging exhibition in the world. The 1985 Show promises to set new attendance records with the addition of the NRA Wine Classic.

"The introduction of this event at the Show is in direct response to a trend throughout the hospitality industry," says Balestreri. He says that operators of both fine dining and mid-scale establishments are recognizing the complementary relationship between wines and food.

The NRA Wine Classic will be held at the Lindheimer Ballroom of McCormick Place on Monday and Tuesday, May 20 and 21. Hundreds of wines will be represented from all regions of the country.

A blue ribbon panel of judges has been assembled, which includes the chairmen of world-renowned wine competitions, professional wine judges and respected restaurateurs and sommeliers from across the country.

Perhaps the most extraordinary aspect of this event—certainly another "first"—is that Show attendees will actually get a firsthand look at the judging as it is in progress. The judging area, properly enclosed and equipped for professional tasting, has been specially constructed so attendees can observe the judges as they evaluate the competing wines. This is the first time a major wine competition has been opened to spectators.

Additionally, guides will be on hand to explain the competition and provide information about the wine industry. Attendees will walk through a wine exhibit that will focus on the wines being featured. They will watch an educational video featuring wine experts offering wine-tasting tips. And finally, they will have an opportunity to taste and compare this selection of the finest wines in America.

David Armanasco of Durney Vineyards (Carmel, CA) will serve as chairman of the judges for the event. "We're very excited about the 'viewer participation' aspect of the event," he says. "Unquestionably, the NRA Wine Classic is breaking new ground."

Armanasco says that only two wine varietals, Pinot Noir (red) and Chardonnay (white), will be tasted at the event. By limiting the tasting to two varietals, the format will be easily understood by all who attend and will be just a bit different from the customary wine tasting format. According to Armanasco, Chardonnay was chosen because it is "a noble wine, a wine that is becoming increasingly popular as a dinner accompaniment in America." He says the Pinot Noir varietal was chosen because it is lesser known and because it marries well with the Chardonnay.

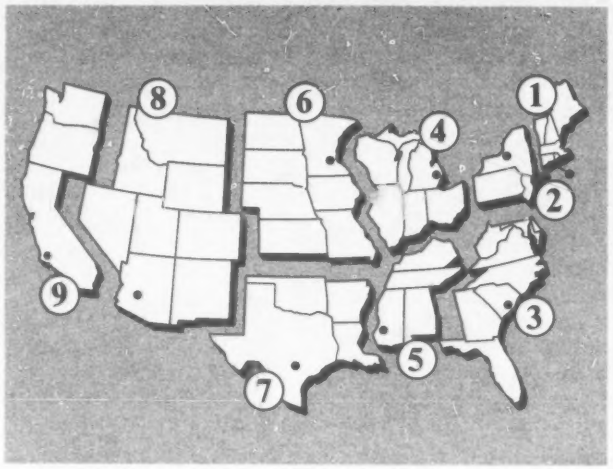
Gold, silver and bronze medals will be awarded at a special luncheon on May 22. Says Balestreri, "These medals will signify new standards of quality throughout the hospitality industry. The NRA Wine Classic establishes a new tradition in excellence."

—Anne Papa

How's business?

by Cecelia Niepold

This month's interviews illustrate the incredible variety of franchise operations across the country.



1 NORTHEAST

Location: Bridgeport, CT
NRA member: J. George Friede
Operation: Seaward Management Corporation
Profile: Kentucky Fried Chicken franchisee with 6 units
In business: 9 years
Seats: 40, average
Meals served: Lunch, dinner

Business has been good, better than last year, says **J. George Friede,** president of Seaward Management Corporation—a company with six Kentucky Fried Chicken units clustered in the Connecticut area.

Friede entered the franchise business because he believed it offered a good growth opportunity, and he hasn't changed his mind.

Upcoming plans include modernizing his units—updating decors, adding new seating and even new roofs. Seaward recently introduced Kentucky Fried Nuggets and is contemplating adding other innovative chicken-based items.

2 MIDDLE ATLANTIC

Location: Buffalo, NY
NRA member: Thomas Lawless
Operation: Resser Management Inc.
Profile: Burger King franchisee with 28 units
In business: 6 years
Seats: 45, average
Meals served: Breakfast, lunch, dinner

Record-breaking cold temperatures dampened business in January and early February, but business was very good through December, says **Thomas Lawless,** executive assistant at Resser Management Inc.—a Burger King franchisee with 28 units in the metropolitan Buffalo area.

To increase traffic during the first quarter when the weather is cold, the company puts more emphasis on price/value promotions.

Lawless believes the advantages of being a franchisee include name recognition, product consistency, development opportunities and systematized controls. The only major disadvantage is limited flexibility. Resser Management Inc., however, has grown quickly, and four new stores are on the drawing board.

3 SOUTH ATLANTIC

Location: Charleston, SC
NRA member: Harold Coats
Operation: PO Folks Restaurant
Profile: PO Folks franchisee with 4 units
In business: 2 years
Seats: 150, average
Meals served: Lunch, dinner

"Business has dropped a little, but it seems to be a slow time of year for most everyone," says **Mike Stathas,** manager of one of PO Folks Restaurant's four franchised restaurants in the Charleston area.

Stathas believes customers keep coming back to PO Folks because of the friendly atmosphere and good food—heaping portions of Southern country-style favorites, like chicken and dumplings, country-fried steak and fried okra. Staff members are trained to make customers feel comfortable and at home. "Howdy, can I help you?" is the standard friendly greeting. Fast service and moderate prices are other drawing cards.

Even though customers generally say they're very full after a PO Folks meal, they're managing to find room for the recently introduced apple and blackberry cobbler desserts. Sales for the new items have been very good, says Stathas.

4 EAST NORTH CENTRAL

Location: Roseville, MI
NRA member: Tom Paganes
Operation: Tubby's Sub Shops, Inc.
Profile: Sandwich chain with 29 franchised units and 13 company-owned stores
In business: 17 years
Seats: From carry-out only up to 100 seats
Meals served: Lunch, dinner

According to **Tom Paganes,** co-owner of Tubby's Sub Shops, the sandwich chain has had 27 straight months of sales gains.

The company began franchising in 1978 to offer good employees more avenues for advancement. In just seven years the number of franchised units has jumped to 29, and nine more are under construction. One will be in Atlanta, GA—the first out-of-state store. The chain eventually hopes to operate stores from Michigan to Florida.

Paganes credits the chain's success to the shops' 25 different grilled-to-order sandwiches. One favorite is the pizza, steak and cheese sandwich, which is made with pizza sauce, mushrooms, green peppers, cheese and top steak. The menu also includes soups, side dishes and desserts. "We're an alternative to the traditional fast food menu," Paganes says.

5 EAST SOUTH CENTRAL

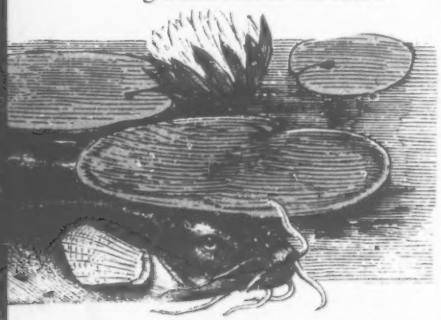
Location: Natchez, MS
NRA member: Brent Bourland
Operation: Cock of the Walk, Inc.
Profile: Seafood restaurant

franchise company with 15 franchisee-owned and one company-owned unit
In business: 8 years
Seats: 225, average
Meals served: Dinner (4 units serve lunch)

Although the local economy is still a little slow due to the depressed oil industry, business is going extremely well for **Brent Bourland,** president of Cock of the Walk, Inc.—a 16-unit seafood restaurant chain spread throughout the Deep South.

The chain's signature item is pond-raised catfish—a delicate, boneless whitefish (completely different from the catfish most people are familiar with), prepared with regional spices and flavors. Other popular menu items include hot jalapeno bread, fried dill pickles and hush puppies.

Bourland believes the chain's impressive growth (half of the restaurants opened in 1984) is due to its unique market niche. The company expects to open six to nine more franchised restaurants in 1985 in three new states—Florida, Georgia and North Carolina.



Where did the unusual name come from? From the old keelboat era when ships hauled freight up and down the Mississippi River. At that time, "cock of the walk" was a coveted title earned by the strongest and toughest man on board who wore a black hat with a red feather in it. Today, all Cock of the Walk waiters sport a similar hat and feather.

6 WEST NORTH CENTRAL

Location: Minneapolis, MN
NRA member: Neil Berman
Operation: Le Bistro Cafe
Profile: French bistro franchise chain with 5 company owned and 11 franchisee-owned units
In business: 9 years
Seats: 140, average
Meals served: Sunday brunch, lunch and dinner

Overall business has been very good, says **Neil Berman,** president of Le Bistro Cafe—a 16-unit casual French bistro concept located in five Midwestern states. Some units in agricultural areas have been slow, but those located in regions with more broad-based economies have been doing very well.

Berman originally developed the restaurant to appeal to female shoppers, and most units are located in or near shopping centers. Berman has broadened the menu and started serving Sunday brunch and dinner to expand the customer base.

Much of the restaurants' success is due to the casual atmosphere and the simple French and American dishes. Specialty soups, such as shrimp Florentine, crab bisque and French onion, are among the most popular items.

Gourmet Products International Corporation, a manufacturer of gourmet frozen foods for the institutional sector, has recently purchased the company. This should boost growth.

7 WEST SOUTH CENTRAL

Location: Austin, TX
NRA member: Norman Crohn
Operation: Chelsea Street Pub
Profile: Casual full-service restaurant chain with 12 company-owned and 8 franchisee-owned units
In business: 11 years
Seats: 200, average
Meals served: Lunch, dinner

Business wasn't very good in January and February, says **Norman Crohn,** owner of Chelsea Street Pub—a 20-unit casual restaurant chain located primarily in Texas. The unusually cold weather contributed to the slow sales.

Chelsea Street Pub is really two concepts in one and attracts different customer segments during different meal periods. Units are located in regional shopping malls and cater to mall shoppers during the day but focus on the young adult market at night. The menu doesn't really change—overstuffed sandwiches, salads, appetizers and exotic drinks. The company has 24 bands that travel from unit to unit, ensuring a constant supply of good entertainment at night.

8 MOUNTAIN

Location: Phoenix, AZ
NRA member: Dennis Eardley
Operation: Taco Bell
Profile: Taco Bell franchisee with 2 units
In business: 2 months
Seats: 60, average
Meals served: Lunch, dinner

Business is going very well, says **Dave Zins,** manager of a Taco Bell franchise restaurant in Phoenix. The new owner of the business, Dennis Eardley, has upgraded the equipment in the restaurant, which has helped speed up service and increased sales. Orders are now served in one and a half minutes, down from three and a half.

According to Zins, the area's business climate is very good. More people are moving to the area and construction is booming. Eardley also has growth plans for his operation. He anticipates a total of five restaurants by year's end.

9 PACIFIC

Location: Los Angeles, CA
NRA member: Joseph Bolker
Operation: Forty Carrots
Profile: Fullservice restaurant chain with 2 company-owned and 9 franchisee-owned units
In business: 7 years
Seats: 130, average
Meals served: Breakfast, lunch, dinner

Business has been very good this winter. December was a record month, says **Joseph Bolker,** chairman of the board of Forty Carrots, Inc. The concept was developed by the president of Bloomingdale's. After visiting one of the restaurants, Bolker decided he liked the concept and purchased the rights.

The chain specializes in natural, low-calorie food. An extensive variety of entrees, including Italian, French, American and Mexican dishes, sets the restaurants apart from most health-food establishments. One unit has an adjoining bakery, Victoria's Bakeshop, which offers muffins, cookies, yogurt and juices. Bolker hopes to expand the bakery concept to other units.

Bolker has recently started a delivery service, which is slowly catching on. The units also offer items for take out.

FOOD FOR THOUGHT

Westerners do eat differently

A new study confirms the long-held suspicion that people who live on the West coast do eat differently from the rest of the country. According to a study of 20,000 adults in 48 states, Westerners eat more brown rice, chunky peanut butter, yogurt and anything that has the perception of being natural, fresh, nutritious or light.

Who are Westerners? Residents of Arizona, Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming. *—USA Today*

Customers cook their own pancakes

The do-it-yourself-concept of restaurant food works for breakfast as much as it does for salad bars at dinner. At the Old Spanish Sugar Mill Grill and Griddle House in De Leon Springs, FL, customers make their own pancakes right at their tables. Each table in the 60-seat restaurant has an electric griddle in its center.

To start, customers get two pitchers of pancake batter made with unbleached white flour and the special house blend of five stone-ground flours plus pitchers of raw honey, unsulphured molasses and maple syrup. All the trimmings, including blueberries, banana slices and applesauce, as well as sausage, bacon, ham and eggs are also available.

The mill does no advertising but is usually filled during breakfast and lunch (dinner is not served). "Our repeat business is very high. We have people come from all over the state," boasts Patty Schwarze, the mill's owner.

All the flour for the pancake batter and the homemade bread is made in the mill's electric-powered buhrstone gristmill.

—Washington Times

Top potato toppings

According to a recent Gallup poll of 1,037 customers in fast-food restaurants, here are the favorite stuffings and toppings for baked potatoes. Some respondents chose more than one answer.

The top choice is bacon and cheddar cheese, chosen by 39 percent of those surveyed. Next came chicken (20 percent), seafood (18 percent), sausage and pepper (15 percent), ratatouille (15 percent) and poached egg with hollandaise (9 percent).

—The Gallup Organization

Truth in menus Roman-style

Two historic sanctuaries of Roman gastronomic orthodoxy got their hands slapped by authorities for passing off frozen fish as the fresh item. The penalty: 5 million lire or $2,500 at current exchange rates plus threats of a jail sentence for up to one year.

—Wall St. Journal

Orange juice hotline

How is orange juice concentrated? Are blights and bad weather affecting the current citrus crop? How much vitamin C is in a glass of orange juice? Answers to these and other questions as well as tips on storage, handling and thawing of orange juice are now as far away as your telephone.

Between the hours of 7 a.m. and 7 p.m. Monday through Friday and 8 a.m. to noon on Saturday, Tropicana will tell what you want to know about orange juice. *—USA Today*

Lunch lifts

Two Washington, DC, restaurants have teamed up to lick the lunchtime blues. When their noon-hour trade plummeted last year because their parking lot was sold, El Bodegon and La Fonda decided to share the cost of a 14-seat van emblazoned with their trademarks.

The shuttle operates between 11:30 a.m. and 2:30 p.m. as well as after work for an occasional office party. "Within a five-mile radius, we'll pick you up, you'll have lunch, and we'll take you right back again," says Adelina Calahan, owner of La Fonda.

La Fonda, a Mexican restaurant, and El Bodegon, which specializes in Spanish fare, report few mix-ups, but both have noticed a boom in business since they've instituted the shuttle.

—Washington Times

In Foodservice you can't depend on the luck of the draw

Announcing 12 top seminars to be offered at the NRA Show, McCormick Place, Chicago, IL, May 18–19

In foodservice, the long straw of success comes from knowing the industry, knowing your customers, knowing your operation and, most of all, knowing how to plan for tomorrow. These 12 NRA seminars are geared to give you the long straw when you need it most.

One-Day Show Seminars

- Creative Merchandising Techniques
- Increasing Foodservice Productivity
- Computers in Foodservice: A Primer
- Computers in Foodservice: Advanced Technology
- Menu Development
- Kitchen Management
- Employee Motivation
- Dining Room Management

Two-Day Show Seminars

- Location, Location, Location
- Planning and Implementing a Restaurant Marketing Strategy
- Restaurant Design & Facility Planning
- Operational Analysis

But you can depend on NRA's Educational Programs

For more information on these 12 NRA Show seminars, simply fill out the card between pages 40-41 or call 800/424-5156 (toll free) or 202/638-6100.